



COOPERATIVE DEVELOPMENT POLICY CURAÇAO 2020-2025

Promoting Sustainable Cooperative
Enterprises for Social-Economic
Development

Willemstad, December 20, 2019

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MESSAGE FROM THE MINISTER OF ECONOMIC DEVELOPMENT

The forward thinking and enlightened input offered by the cooperative movement itself, the socio-economic partners and the government ministries consulted have enabled this first Cooperative Development Policy to achieve its ambitious objectives. The policy presents a perfect example of how working collaboratively and sharing resources can advance the development of Curaçao.

The Cooperative Development Policy creates new dynamics in the Curaçao cooperative world, which will provide cooperative enterprises immeasurable assistance in meeting the challenges of the next five years. These challenges, notably, are those of capitalization, diversification, competitiveness, and training. By clearly stating the support the government intends to provide in these areas, the Cooperative Development Policy opens new development perspectives for all cooperatives.

With its suggested courses of action and support measures, the policy should help the Curaçao cooperative movement to utilize all available resources to occupy its place in the economy of tomorrow and stand as an example to all the people of Curaçao. Through new support measures, cooperatives are now better equipped to take advantage of business opportunities as they arise, diversify their activities into new sectors, and contribute even more actively to the social economy of Curaçao.

The promotion of cooperatives contributes to the achievement of various SDGs, in particular poverty alleviation (SDG1), fighting hunger (SDG 2), gender equality (SDG 5) and employment and economic growth (SDG 8). Moreover, cooperatives and actors in the social economy spectrum contribute towards, among other things, sustainable and inclusive growth, creation of highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection. Furthermore, the social economy plays an important role in combating unemployment especially among the youth.

The policy's implementation is intended to strengthen the productive capacity of the country's cooperative sector and transform it into a vibrant and sustainable economic sector. To achieve this overall goal, all key stakeholders in the sector will have to engage in continuous dialogue, work together and provide solutions to the challenges facing the sector. The preparation of this policy was subjected to an exhaustive stakeholder's consultation process. The contributions by all stakeholders are very much appreciated, and the implementation of the policies is also envisaged to require continuous dialogue with these stakeholders.

Minister of Economic Development
Giselle Mc William



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Thanks also to the many colleagues who so generously reviewed the drafts, and to the local UNDP Team for their support during the preparations and realization of the Democratic Dialogue.

A special thanks goes to all stakeholders who participated in the workshops and the Democratic Dialogue.



EXECUTIVE SUMMARY

The International Cooperative Alliance (ICA), the international umbrella group for cooperatives worldwide, defines a cooperative as follows:

“A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

Today, Curaçao’s cooperative movement comprises initiatives of both the financial and non-financial sector cooperatives. In 2018, the total membership of credit unions was 35,001, which means that more than 20% of the total local population are members of one or more cooperatives. The penetration rate is nearly 35%, which includes the economically active population of 15 to 64 years old. These figures establish the importance of cooperatives and their impact upon the community of Curaçao.

Youths represent a significant share within the total population. The unemployment rate within this subgroup is extremely high—29.3% in 2018. A key contributor to unemployment is the lack of practical entrepreneurial skills.

There is an opportunity to harness this large amount of unutilized energy through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives. The lack of practical skills in entrepreneurship is a key factor in the unemployment rate. With financial support from cooperatives, learning programs aimed at entrepreneurship can open up so-far untapped opportunities.

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy should be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

The prosperity and wellbeing of Curaçao depends, among other things, on expanding the entrepreneurial base, and in view of its potential to promote the direct involvement of many citizens in the economy, the cooperative model would appear to be a promising solution. In the current situation, maintaining responsible local businesses that play an active role in important economic and social sectors is becoming crucial.

With this Cooperative Development Policy, the government of Curaçao has demonstrated its determination to support cooperatives so that these companies can position themselves firmly in the face of the major challenges they face, thus contributing even more to job creation and prosperity. The policy aims to expand the position of cooperatives in Curaçao's economy.

The main objective of this Cooperative Development Policy (CDP) is to confirm the distinctive character of cooperatives in the light of the new economic and social challenges Curaçao is facing. The policy is also in line with the recommendations of the International Labour Organization (ILO), as issued in June 2002, in which cooperatives are supported. The ILO as an international organization suggested that governments: "should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out by the International Cooperative Alliance" (recommendation 193, ILO 2002).

The policy document is the result of an intensive consultation process which was initiated in May 2019, when the Curaçao government adopted a Ministerial Decree for the establishment of a multi-disciplinary Task Team. To get the work done, the ministries worked among themselves and with private organizations.

This process involved the Ministry of Economic Development, the Ministry of Finance, the Ministry of Health, Environment and Nature, the Ministry of Education, Science, Culture and Sports, the Ministry of Social Development, Labor and Welfare, ADECK and FEKOSKAN. The responsibility for the cooperative development policy lies with the Ministry of Economic Development (MED).

Among other things, the Multi-Disciplinary Task Team organized four workshops and one National Democratic Dialogue. The Democratic Dialogue (DD) was used to gather input and define priorities for the policy. Four priorities were selected as a result of the DD held on November 22, 2019. To help achieve the most important and specific objectives of the development policy for cooperatives, short-term priorities are scheduled to be implemented within a two-year period. For the complete details, please see Annex 3, written by the local UNDP team.



The top-four ranked results from the Democratic Dialogue are:



Special legislation (legal framework) must be introduced. The legislation must guarantee support for cooperativism, related to the seven principles of cooperativism (as defined by the ILO). It should act as a framework that sustains cooperative development, while providing incentives to encourage people to start their own businesses.



A structure of education and know-how based on the philosophy of cooperativism should be introduced at the different levels of education on the island. From primary, secondary to vocational education, presented not only as knowledge and know-how, but also as a way of life, fostering cooperativism in the community as a form of (social) entrepreneurship.



Anchoring an integrated cooperativism education and training institute to facilitate access to possible investment funds aimed at the development of cooperatives.



The government should determine, within its policy, what role cooperativism should play in our community, taking into account the four pillars for Curaçao's development: economics, finance, (legislation for) social development and education.

The medium and long-term strategic actions are:

1. Introducing an effective and innovative legal framework.
2. Enhancing cooperative education, training, and information.
3. Developing or improving capitalization and financing tools suitable for the cooperative environment.
4. Improving non-financial business support services available to cooperatives.
5. Acknowledging the role of cooperatives by integrating and harmonizing government action in the area of cooperative development.
6. Enhancing regulation for financial cooperatives.
7. Promoting research and innovation in the cooperative sector.
8. Enhancing the use of appropriate technology in cooperatives.
9. Adopting good cooperative governance practices.
10. Attracting youth into the cooperative movement.
11. Creating demand for cooperative products and services.

These four priorities and eleven strategic actions, which are further described in Chapter 5, should be implemented in line with the recommended action plan (see Chapter 6 + Annexes 1A + 1B). The immediate proceedings for course of action are set out and determined in paragraph 6.3 of this document.

ABBREVIATIONS

ADECK	Curaçao Association of Small Entrepreneurs
ANG	Netherlands Antilles Guilder
CAB	Cooperative Advisory Board
CDF	Cooperative Development Fund
CDP	Cooperative Development Policy, promoting sustainable cooperative enterprises for sustainable social-economic development
CEDTF	Cooperative Enterprise Development Task Force
CENECOOP	The Center for Cooperative Studies and Training, established in Costa Rica
DD	Democratic Dialogue
EU Desk	EU Information & Support Desk, which aims to facilitate access to information about the cooperation and subsidy opportunities by the European Union
FEKOSKAN	The Curaçao Federation of Cooperatives, established in Curaçao
GDP	Gross Domestic Product
ICA	International Cooperative Alliance
ICT	Information and Communications Technology
ILO	International Labour Organization
IMF	International Monetary Fund
KPIs	Key Performance Indicators
LTES	Long-Term Economic Strategy
MED	Ministry of Economic Development
MFI	Micro-Finance Institutions
Ministry ESCS	Ministry of Education, Sports, Culture and Science
MSMEs	Micro, Small and Medium Enterprises
NACS	Nigeria Automated Clearing System
NDP	Curaçao National Development Plan 2015-2030
NGO	Non-Governmental Organization
SDGs	Sustainable Development Goals
SOAB	Government auditor and a well-established foundation in Curaçao
UNDP	United Nations Development Programme
WTC	World Trade Center Curaçao



CHAPTER 1 INTRODUCTION

1.1 Cooperative Development Policy for Curaçao



In the industrialized world, economic development revolves around three pillars: traditional private enterprise, the public sector, and collective enterprise. Cooperatives are the most common type of collective enterprise. Cooperatives, which differ from individual enterprises, provide an original form of entrepreneurship that is rooted in the strength and collective interest of a group. However, cooperative entrepreneurship and individual entrepreneurship complement each other, because they focus on specific customers and often address different needs.

Following working methods based on participation, cooperatives stimulate and encourage collective efforts. They are primarily an association of individuals who are people-oriented and deeply rooted within their communities. The different types of cooperatives generate specific economic benefits in areas where they are active. All cooperatives feature an economic and social dimension; however, some are more focused on social missions, such as housing and home care. These companies make a direct contribution to quality of life by providing the public with essential basic services. Cooperatives are deeply rooted in their communities and are inextricably linked to local development.

This Cooperative Development Policy's (CDP) predominant goal is to reaffirm the distinctive character of cooperatives in the light of the economic and social challenges facing Curaçao. This policy is also in line with the recommendations of the International Labor Organization (ILO), as issued in June 2002, in which cooperatives are supported. The ILO suggested that governments "should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out by the International Cooperative Alliance" (Recommendation 193, ILO 2002).

This Cooperative Development Policy is the first such undertaking in the history of the Curaçao cooperative movement. In addition to proposing new approaches and identifying the financial resources necessary for their implementation, support measures are also introduced that are specifically adapted to the cooperative environment. By acknowledging that cooperatives can play a central role in the economy and tackle specific problems, the new policy guarantees the harmonious development of cooperatives in Curaçao.

1.2 Participatory Cooperative Development Policy Formulation

This policy document is the result of an intensive consultation process, which was initiated in May 2019 when the Curaçao government adopted a Ministerial Decision for the establishment of a Multi-Disciplinary Task Team. In this process the Ministry of Economic Development, the Ministry of Finance, the Ministry of Health, Environment and Nature, Ministry of Education, Science, Culture and Sports, the Ministry of Social Development, Labor and Wellbeing, the Curaçao Association of Small Entrepreneurs (ADECK) and the Curacao Federation of Cooperatives (FEKOSKAN) are involved. The responsibility for cooperative development lies with the Ministry of Economic Development.



Among other things, the Multi-Disciplinary Task Team organized four workshops and one National Cooperative Dialogue to discuss the main policy issues. The writing and desk research for this report was conducted in close collaboration between the Ministry of Economic Development and FEKOSKAN. The editing was performed by IndigoBlue Consult.

1.3 Long-Term Economic Strategy

The Long-Term Economic Strategy (LTES) originates from the National Development Plan. Under the auspices of the UNDP, the Ministry of Economic Development of the local government of Curaçao prepared a National Development Plan 2015-2030 (NDP). In line with the NDP, the development of fundamental strategies encompassing all policy areas (economy, education, environmental, finance, transport, urban planning, justice etc.) is required.

The LTES is based on the principle of sustainability that can be defined as follows:

“Improving the quality of life of present populations without compromising the ability of future generations to satisfy their own needs.” It focusses on each policy area to realize an integral implementation of the recommendations made in in. The Ministry of Economic Development (MED) will serve as the catalyst for effective implementation of the recommendations that guarantee sustainable development.

The main objectives (overall purposes) of the LTES are as follows:

- I. Expanding the economy of Curaçao while ensuring its sustainability
- II. Stimulating macroeconomic stability
- III. Pursuing transition from traditional economic sectors
- IV. Moving towards an economy with more added value and knowledge-based sectors, strengthening the economic structure/enabling the business climate
- V. Creating policy conditions
- VI. Fostering ownership, cooperation and coordination within Curaçao.

In order to promote sustainable economic development in line with the strategy formulated in the LTES, the Ministry of Economic Development is stimulating cooperative projects and processes that can strengthen business activities, encourage economic diversification and improve regional competitive advantage and the competitive position of Curaçao. Linked to the overall purpose of the LTES, MED has formulated a vision and mission and—based on them—developed a cooperative development policy, thus creating a favorable climate for the sustainable development of the cooperative sector of Curaçao.



Vision

In 2035, cooperative companies contribute to a balanced economic growth through efficient and effective services, job creation, income generation, mobilization of resources and broad economic strengthening (empowerment). Cooperatives contribute 10% to the GDP of Curaçao, thus promoting a balanced and sustainable social-economic and human development of Curaçao.



Mission

In cooperation with local stakeholders and international organizations, an integrated policy for the development and implementation of cooperatives is developed, which functions as a catalyst for the sustainable development of an integrated, viable, dynamic, autonomous and self-reliant cooperative movement.



The 2017-2021 Coalition Agreement entitled “Unleashing the potential of Curaçao” also stipulates that, under the responsibility of the Minister of Economic Development, cooperative entrepreneurship must be encouraged, in this way adjusting the traditional approach to the economy and offering small entrepreneurs more opportunities to succeed.

On the basis of the aforementioned, it can be stated that the time is now favorable for both the government and the economy to take initiatives for the development and growth of cooperatives, and to use them as a tool within economic sectors to promote the economy and create an environment that is more favorable to the creation of new cooperative companies. Based on their principles, cooperatives have a social-economic nature and the potential to make an important and positive contribution to achieving the social-economic objectives. Local small businesses have the opportunity to share expertise and resolve potential risks together.

1.4 Sector Economic Development and Innovation

1.4.1 Updating the Curaçao Innovation Policy for Economic Sectors

The continuously increasing international competition and shortening product life cycles are merely a few of the developments that feed the need for innovation. However, it is emphasized that the key to innovation lies in human nature. Suppliers and consumers should foster an open attitude that welcomes new products, processes and services. Without this, the world would still be stuck in the stone age. Innovation—which not always involves coming up with something entirely new, but rather the successful and novel implementation of a solution in society, should be a constant pursuit.

Reviewing international best practices, it is evident that success nowadays also requires a focus on specific areas or industries. For the Ministry of Economic Development’s Innovation Policy for Curaçao, there are certain areas that are insightful and should hence be mentioned. These are: sustainable energy, clean energy sector & technology; transnational education; information technology & cultural and creative industries; (high-end) tourism; logistic services related to high value products; use of reusable materials and resources in a recyclable economy; and setting up an incubator center in Curaçao.

Best practices also indicate that science is increasingly at the base of successful innovation. A combined effort by the Ministry of Education and the Ministry of Economic Development (the latter is responsible for innovation) is required to provide measures and funding that will help the University of Curaçao to transform from being solely an education-driven institution to being both research and education-driven. The government also plays an important role in improving other conditions needed to stimulate innovation and remove roadblocks.

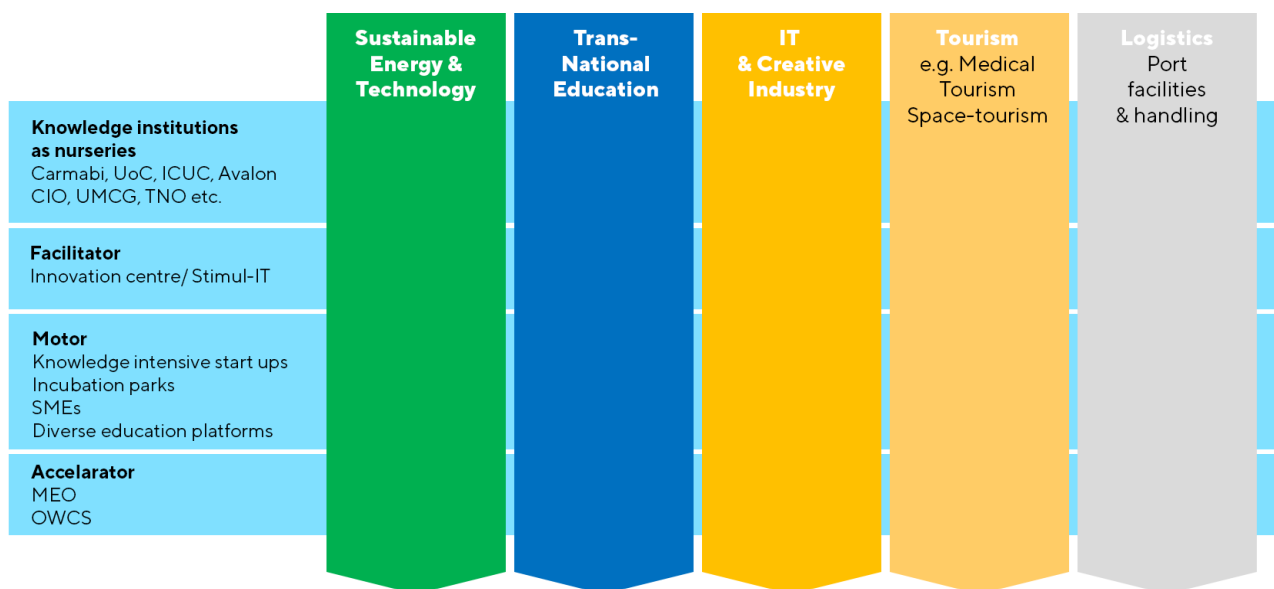


Figure 1.4-1. Value chain innovation policy for Curaçao

Various actors play essential, albeit different, roles in the innovation chain. It is important to always consider these various functions, keeping in mind their mutual coherence and different contributions. Actors should be able to confront each other regarding this. Figure 1.4-1 shows the selected sectors and innovation actors.

1.4.2 Key Innovation Priorities Expressed by International Cooperatives

No draft innovation policy for Curaçao, specifically towards the cooperative sector has been developed for Curaçao so far. As a result of the present situation, we must look out for international best practices in other countries, such as those found in an international study published in October of 2016. The study was conducted by the Alphonse and Dorimène Desjardins International Institute for Cooperatives established in Montreal, Canada.

As part of the Institute's expertise and transfer activities, the research dealt specifically with the priorities and practices of cooperatives in the area of innovation. An online survey was sent to cooperatives around the world and interviews were conducted with financial cooperatives, with the following two objectives:

- A. first, to rank the innovation priorities of cooperatives and compare them to those of financial and nonfinancial cooperatives;
- B. second, to map the key innovations of financial cooperatives.

A) Ranking priorities for innovation; a comparison between financial versus non-financial cooperatives

Of the 236 cooperatives that responded to the survey – mostly from North and South America and Europe – almost 70% placed innovation among their top-three priorities. Over the next three to five years, cooperatives will prioritize the expansion of new services (91%), the development of capacity in innovation (84%), technology platforms (83%), and speed of adopting new technologies (81%). Cooperatives pursue innovation in order to take advantage of new opportunities (85%), as well as to counter threats (81%). However, they face a number of challenges in terms of generating ideas, as well as selecting and funding innovation projects.

The financial cooperatives, representing 41% of the survey respondents, were compared with cooperatives in general. This showed that financial cooperatives have a greater number of priorities and that they tend to focus on additional aspects of innovation, such as distribution channels (93%), mobile applications (90%) and speed of adopting new technologies (90%). These results confirm the need to rethink many aspects of the business models of the financial cooperatives.

Finally, financial and nonfinancial cooperatives are compared with regard to the observations of a 2015 Boston Consulting Group study on innovation in business. This comparison shows that the proportion of financial cooperatives placing innovation amongst their top-three priorities is slightly lower than nonfinancial cooperatives—69% versus 79%. Moreover, due to their cooperative model and social role, financial cooperatives placed additional importance on specific areas of innovation, such as: renewing member relationships (89%), supporting the social economy (89%) and improving sustainable development (87%). In consideration of innovation management, 44% of the financial cooperatives relied on decentralized or coordinated organizations, compared with the 33% of nonfinancial cooperatives.

B) Innovation practices of financial cooperatives

In addition to the survey, twelve case studies are detailed for financial cooperatives in the Americas and Europe. The importance of innovation from both macroeconomic and microeconomic standpoints cannot be overstated. The results confirm that innovation is a priority for all companies, cooperatives included.

However, cooperatives carry a greater number of priorities and tend to focus on the additional aspects of innovation. Moreover, sector-based particularities impose distinct challenges, which is the case for the financial cooperative sector. Indeed, the survey shows financial cooperatives to have more pressing priorities and challenges compared with cooperatives as a whole.

A number of organizational issues have also been raised:

1. “Think local, act global”: Innovations frequently emerge from local initiatives, which correspond to the territorial roots of financial cooperatives. The challenge for some cooperatives is to identify innovations that are broadly relevant and then systematically roll them out. Moreover, certain innovations may need to be adapted to the specific requirements of each territory, as they are rolled out in a “glocalization” process.
2. Innovation in member involvement: Some of the groups interviewed look for innovative approaches regarding the democratic aspects of their cooperatives and their capacity to renew the involvement of their members.
3. Reconciling agility, efficiency, and proximity: Cooperative groups have frequently consolidated their information systems within shared entities. Since innovation requires a high degree of agility and proximity to users, innovation departments are often faced with the challenge of ensuring mobilization between their regional entities, operations departments and shared IT departments.

Highlight: These topics pave the way for future studies on innovation within cooperatives.

1.5 Justification for the cooperative development policy

A sustainable cooperative development policy is a great opportunity for the Curaçao cooperative sector, considering:

- a. The changing economic environment;
- b. The emerging national development priorities and challenges.

In tandem with the need to meet the dynamics of a modern economy, the government recognizes the importance of developing a policy framework to guide the management and development of the cooperative sector.

The main objective of this provision is to provide a platform that will help redefine the roles of both the government and the non-governmental stakeholders in the sustainable development of the Curaçao cooperative sector.

1.6 Imperatives and Preconditions for the Cooperative Development Policy

1.6.1 The Triple Helix Structure

The definition of short and long-term cooperative objectives must be done in consensus. Through consultation, specific problems and points for attention can be identified, that must be addressed in a certain time frame. Achieving consensus requires sufficient consultation with stakeholders, and it is therefore important to institutionalize this consultative body.

The multidisciplinary working group Triple Helix has to guarantee consensus between the stakeholders with regard to the long-term cooperative strategy and also functions as a support group. This working group consists of representatives from various stakeholders within government, business and education. Triple Helix members participate voluntarily and have the management skills to make the desired changes. The required expertise can vary depending on the focus areas. Currently, the emphasis is on project management, business, research and innovation, IT, economics, finance, export and/or regulations. If specific projects are to be implemented, the group can create sub-working groups to facilitate implementation.

1.6.2 Preconditions for the Cooperative Development Policy

To be able to promote cooperative enterprises, the government will create at least the following preconditions:

- A.** In supporting the development of cooperative ventures through policies and associated laws and regulations, the government endorses and maintains the universally accepted definition, principles and values that play a central role in cooperatives as formulated by the ICA.
- B.** The government will also adopt ILO Recommendation 193 to promote cooperatives and ensure that policies and legislation are sufficiently flexible to meet the needs of modern cooperatives;
- C.** The government must recognize that cooperative companies can make a positive contribution to job creation and sustainable economic development;
- D.** The government will prepare a cooperative development policy and implementation plan that is in line with national development plans, international developments and the demands of an ever-changing economic, social (and political) environment;
- E.** Cooperatives will be encouraged in all sectors of the economy.
- F.** All government sector strategies must include proposals to strengthen cooperatives in the sector concerned. This applies to both established and emerging sectors;
- G.** Voluntary cooperation between established and emerging cooperatives in Curaçao will be encouraged;
- H.** The government will encourage the creation of more cooperative enterprises, also in those sectors where cooperatives had not been set up before, with the aim of increasing participation in economic activities (economic empowerment);
- I.** The government will encourage innovation and the use of digital platforms;
- J.** The role and approach of the government with regard to cooperative development will be based on creating a favorable legal, economic, administrative and institutional environment for cooperative companies;
- K.** The cooperative principles, values and business model will be widely introduced and stimulated in the education system.

1.7 Organizational Structure for the Execution of the Policy's Activities and Actions

1.7.1 The Triple Helix Multi-Disciplinary Working Group

The government encourages innovation and the use of digital platforms. The Triple Helix structure should help to make the innovation framework in Curaçao functional and bring knowledge into practice. Triple Helix should always consist of a combination of public, private and knowledge institutions (tripartite) on all levels of consultation. The Triple Helix structure is not a new organization that needs to be set up, but a functional consultation structure to bring about tripartite cooperation.

The following tasks and responsibilities are defined for the working group:

- A.** Supporting the embedding of cooperatives as an instrument (model) in the education system
- B.** Supporting in preparing proposals for the application of innovation in cooperatives as an instrument in the economic sectors
- C.** Working towards a collective ambition to create a cooperative and competitive Curaçao and to ensure the formulation of tactical strategies and monitor and adjust the implementation of defined actions
- D.** Creating and ensuring consensus within the Triple Helix concept on the steps to be taken with regard to the implementation of the cooperative policy
- E.** Providing political and institutional support for the defined collective ambitions
- F.** Supervising activities at the operational level
- G.** Acting as a catalyst for identified tactical activities
- H.** Evaluating and analyzing interim results and, if necessary, proposals for adjustment with regard to set goals and (if necessary) adjustment in consultation
- I.** Providing information, ideas and direction to the development and, where necessary, adjusting policy and strategy
- J.** Encouraging collaboration locally and internationally in the field of cooperatives
- K.** Following market developments both locally and internationally in the field of the cooperative movement and, where possible, translating these into opportunities for Curaçao. Also conducting research within this framework and, where necessary, carrying out benchmarking exercises.

1.7.2 The Cooperative Enterprise Development Task Force

A specialized Cooperative Enterprise Development Task Force (CEDTF) should be established within the Ministry of Economic Development. The CEDTF will facilitate and support other ministries and agencies in providing their support to cooperative development endeavors.

The CEDTF will be responsible for the project management and execution of the specific policy's priorities and strategic actions of the Cooperative Development Policy. (See Chapter 5).

The role of the CEDTF includes the areas of policy, legislation, coordination and promotion as follows:

1. Cooperative Legislative Framework, Policy and Strategy: serving as the focal point for reviewing policies and strategies and addressing barriers to cooperative development in partnership with stakeholders; ensuring that matters related to cooperative development are handled based on wide consultations with the government's partners.
2. Coordination: coordinating the various government institutions concerned with cooperative development and ensuring effective coordination of the various government institutions concerned with cooperative development.
3. Promotion: Provision and management of non-financial and financial cooperative support services; the management of privileges and incentives for cooperatives; the collection, analysis and dissemination of statistics related to cooperative development; facilitation of access to markets; facilitation of access to credit; promotion of the concept and practice of cooperatives.
4. Support: The CEDTF provides executive support in the form of a secretariat to the Cooperative Advisory Board (See section 5.2.1.1).
5. Monitoring and evaluation: Monitoring and evaluating the impact of the Cooperative Development Policy. By using key indicators, evaluations can be performed. In Chapter 5, diverse lists of KPIs are presented as a guideline. These KPIs are concepts and should be carefully reviewed, studied and evaluated before being used in the formulation of terms of reference, as part of a design plan/approach or for research and other purposes.

1.8 Theme for the Cooperative Development Policy

In the growth strategy presented in 2018, the government focuses on sustainable growth. The growth agreement was signed between the government of Curaçao and the Netherlands. The government will focus on three areas that will help Curaçao to grow sustainably:

- I. Stimulating sustainable economic growth**
- II. Strengthening financial management**
- III. Strengthening government institutions.**

To stimulate sustainable economic growth, the government's strategy focuses on creating jobs by stimulating specific sectors that can contribute to this goal.

To be able to play a crucial role in the aforementioned national strategy objective, cooperatives must move from their traditional role to the next level, aimed at adding value and effectively improving the well-being of their members. The theme of this policy: Promoting Sustainable Cooperative Enterprises for Social-Economic Development, is derived from the foregoing realization.

A group of people are seated around a table in a meeting room, engaged in a discussion. The image is overlaid with a semi-transparent orange filter. The text is centered over the image.

CHAPTER 2

THE COOPERATIVE: A DIFFERENT KIND OF ENTERPRISE

In its support for cooperative development, the Curaçao government endorses and adheres to the principles on which cooperatives are built. The government has consciously formulated this cooperative development policy in accordance with international developments and the demands of an ever-changing economic, social and political environment. The government is committed to the universally accepted definition, values and principles that are central to cooperatives.

2.1 Short History and Definition of Cooperatives

A cooperative is not business-as-usual. It is different to our daily experiences with business entrepreneurship. There are two main types of entrepreneurship: on the one hand, business entrepreneurship and on the other, social entrepreneurship. The cooperative model is the oldest variant of social entrepreneurship.

Today there is a wide range of social entrepreneurship structures available in different countries around the world, which differ from the traditional, original cooperative model. Most people are not used to cooperative values and principles and could, at their first encounter with these, experience a "cultural-clash." That is why here, special attention is paid to these values and principles before embarking on a more profound elaboration of the Cooperative Development Policy. The reader needs to be provided briefly with some background information, to ensure a better understanding and comprehension of the cooperative concept.

Cooperation as an economic and business model emerged in England in the mid-nineteenth century in response to the abuses of the Industrial Revolution, and then spread to countries such as France, Italy, Germany and the Netherlands. The cooperative model was introduced in Curaçao in the first half of the 20th century. From the second half of the 20th century onward, cooperatives in Curaçao have generally been seen in a positive light and are held in high regard, thanks to the importance of the financial cooperatives (credit unions) on the island. However, most people have little knowledge of the cooperative model, its underlying philosophy, and the characteristics that distinguish cooperatives from ordinary companies.

The International Cooperative Alliance (ICA), the international umbrella group for cooperatives worldwide, defines a cooperative as follows:

"A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."

The word cooperative is derived from the word cooperate, which means to work or act together or jointly for a common purpose or benefit.



In this definition, the following points highlight the unique characteristics required for an enterprise to be classified as a cooperative enterprise:

- **Autonomy** - The enterprise's independence and governance base;
- **Volunteerism** - Open membership;
- **Common needs** – People come together to fulfil a mutual need;
- **Ownership** - Members are owners (not merely customers or workers) of the enterprise and should invest wisely in its growth;
- **Democratic control** - Each member is given a single vote regardless of contribution/wealth;
- **Enterprise** - A cooperative is not only an association of people, but also a business enterprise.

2.2 International cooperative values and principles

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperatives are principle-based enterprises that put people, rather than the pursuit of profit, at the center of their business. The cooperative principles are guidelines by which cooperatives put their values into practice. To understand cooperatives and how they operate, it is important to understand these universal principles. Many cooperatives fail because the members and elected officers do not take the time to understand cooperative guiding principles.

Below is the official international text of the Cooperative Principles as outlined in the International Cooperative Alliance's Statement of the Cooperative Identity (1995) along with guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. All members have an equal say at cooperative general meetings and in elections for the committee that appoints the manager and oversees the running of the cooperative. Members also have the ability to let their name stand to serve as an elected official of the cooperative, unlike a customer of a traditional business enterprise. Voting rights go with membership, not with the amount of money invested (as would happen in a shareholder-owned company). The rule is "one member, one vote." To become a member, one must usually buy at least one share, but extra shares do not give a person additional votes.

3. Member Economic Participation

Members are both users and owners who contribute equitably to and democratically control the capital of their cooperative. Each member is required to purchase a share, which provides access to goods and services. Unlike a conventional company where profits are distributed in proportion to the number of shares a person owns, cooperatives distribute surpluses to members in proportion to their transactions with the cooperative. Thus, members who have done more business with the cooperative will receive a correspondingly larger share of the profits.

Surpluses are also reinvested in the cooperative to expand and grow operations, based on a decision made by members at the annual general meeting. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Cooperatives do not want to be dominated by governments. Unfortunately, particularly in less developed countries, this occurs to some extent. Governments, even with good intentions, have tended to influence cooperatives, either by directing them to conform to government policies or by giving government officials the authority to intervene in cooperatives' affairs, especially where cooperative members' investments are at stake.

While such interventions may be necessary for a while, they should not prevent cooperatives from operating as autonomous organizations. Ideally, the formulation of cooperative development policies and laws should be a participatory process and a proactive posture in which the government works in close consultation and collaboration with the cooperative movement and other stakeholders.

5. Education, Training, and Information

Cooperatives provide education and training to their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperatives. Because cooperatives exist to encourage the development of people, ongoing education of their members, training of volunteers and staff and information to the general public should be key items of annual expenditure. Training programs can be used to improve and develop members' skills on topics such as healthy lifestyles, financial literacy, home ownership, business skills, sales and marketing, understanding the law, public speaking, healthy living and meeting procedures. Effective communication with members and potential members on a regular basis will broaden members' and the public's perspectives on the cooperative, change attitudes and build loyalty.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

To some cooperators, this principle may seem to contradict the “small is better” philosophy of the early movement, when the prevailing view was that, in order to fulfil their mandate to their members, cooperatives were somehow meant to be small in scale and operations. Cooperation among cooperatives is not just a guiding principle but is becoming an imperative at the local, regional and international levels in order to strengthen the sector, increase buying power and ensure enterprise viability.

Although each cooperative has its own identity, cooperatives usually come together to form secondary bodies (federations or leagues) and tertiary bodies (confederations) to represent the interests of member cooperatives and advocate on their behalf.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Cooperatives are founded on strong human values; they do not just selfishly pursue their own interests at all costs. Even where not all the members of the local community are members of the cooperative, the cooperative should whenever possible consider the needs of non-members also. They can play a constructive role in the social and economic life of their local communities. A cooperative should take the lead in promoting care for the environment and the needs of disadvantaged groups within the community.



2.3 The Cooperative: A Participatory Enterprise

Cooperatives are, above all, enterprises in which members take part in operations in one of three ways:

- Participation in ownership
- Participation in control
- Participation in surpluses based on usage

A cooperative is a corporate body comprised of a group of individuals and corporate entities, unlike a company, which is comprised of capital. This distinction is key, because it constitutes the very essence of cooperative purpose and function.

The cooperative is also unique and original in the sense that its main mission is to meet the needs of the members who created it. These needs could be to obtain goods and services at lower cost (consumer goods, housing services, social services, cable, funeral services, etc.), create jobs through a work cooperative or transform and market products through a producer cooperative. Although the cooperative's main mission is to meet its members' needs, this does not prevent it from generating a surplus that can be used to support further growth, distribute moderate dividends to its members, or any other purpose.

The relationship between cooperatives and their members is based on usage rather than investment. More specifically, people must do business with the cooperative—or act as users, so to speak—to become its members. Since the performance of cooperatives depends on the level of use, surpluses are allocated to members based on their participation. Cooperatives are democratically operated according to the principle of “one member, one vote.” It is impossible for any single individual to take control of a cooperative. Decisions regarding the cooperative are made by most of its members at the general assembly.

Because cooperatives, like companies, are corporate entities that are distinct from their members, they have a separate legal existence. The responsibility of members to the cooperative is therefore limited to the value of their subscribed shares.

2.4 Different types of cooperatives

One of the reasons cooperatives have not reached their full potential in Curaçao is that people tend to have a very limited view of the kinds of activities cooperatives can perform. They tend to see them only as financial institutes: credit unions. In fact, they can be adapted to many types of purpose. Cooperatives will succeed only where people design the type of business that best meets their real needs.

One of the more universally accepted ways of classifying cooperatives around the world is by their ownership structure, namely, who the members are. Using this lens, cooperatives can be viewed as fitting into one of the following types:

Consumer cooperatives

Consumer cooperatives belong to their consumer members, whom they provide with a variety of products and services. These cooperatives are usually created to provide members with goods or services at lower cost by increasing their purchasing power, or simply to provide access to goods or services not readily available on the market or in the local area. Consumer cooperatives exist for housing, food, healthcare, recreation, educational goods and services, funeral services, cable, etc. Financial service cooperatives and insurance mutuals are also examples of consumer cooperatives.

Producer Cooperatives

These cooperatives belong to their producer members, to whom they provide goods and services related to their occupation. They may supply members with goods and services required for work purposes or process and market member products. Producer cooperatives are found for example in the agri-food industry, the fisheries industry, the taxi industry and the business services sector. They may also take the form of purchasing groups and farm-equipment and labor pools. Worldwide, more and more professionals and specialized workers, including opticians, jewelers, designers, artists, computer specialists, etc., are also forming cooperatives to access professional services.

Work Cooperatives

Work cooperatives belong to their member workers, who operate a business in order to provide themselves with employment. These cooperatives give their members the opportunity to control their working conditions and work environment. As with all cooperatives, membership is based on the principle of usage. In the case of work cooperatives, this means that members must be employees of the enterprise. Work cooperatives are found in the sectors of cleaning, care services, consulting, communications, business services, social services, and manufacturing in general.

Multi-Stake Holder Cooperatives

Groups such as workers and consumers combine their resources and together create a cooperative. This allows cooperatives greater strength and sustainability, with the ability to diversify their stakeholders.

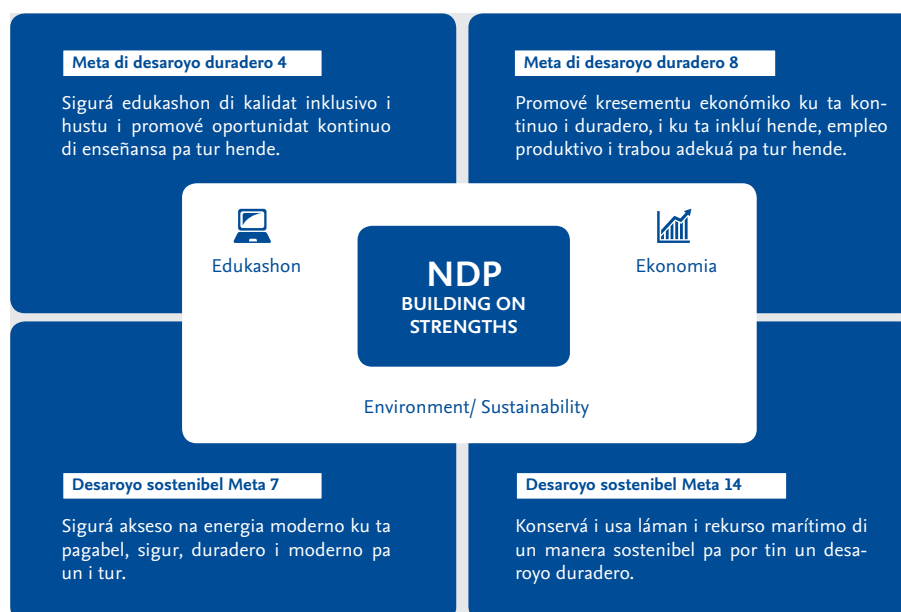
All these types of cooperatives together are also referred to as primary cooperatives.

2.5 The Cooperative with Regard to SDGs and the NDP

As already mentioned, cooperatives play an important role in achieving economic, social and environmental objectives, plus the governance agenda. This is not only because such companies strive for the economic progress of their members, but also because they simultaneously represent socio-cultural interests and protect the environment. Cooperatives offer an alternative model for companies, and the extent to which they contribute to sustainable development goes well beyond job creation. Given that their share of the GDP and the total number of enterprises in Curaçao is currently relatively small, the promotion and expansion of cooperatives could be an important tool for achieving the Sustainable Development Goals (SDGs).



See Annex 2 for the priority goals and targets in the Curaçao NDP 2015-2030, to achieve the five interlocked SDGs as shown in this image.



The NDP incorporates a long-term vision. It is a plan focused on the execution of those catalytic short-term initiatives which will put Curaçao on the path towards resiliency and attainment of its long-term vision.

The integration of four Sustainable Development Goals (SDGs) provides a framework of measurable goals and targets at a time of critical global developments, rooted in local challenges.

Curaçao is an island with a long and accomplished history, celebrated in the arts and achieving excellence in sports, welcoming the world to its shores and protecting the vulnerable in its midst. The long-term vision for the country's National Identity builds on these traits and deepens them. Curaçao will be a place known for its story, celebrations and accomplishments.

The short-term focus for change begins with an articulation of the story, through dialogue and vision—who we are as a people, our place in the world, and what it means to be an exporting nation. Overall, the short-term will be focused on accomplishment through cooperation. By working together on all aspects of this plan, people will deepen community trust and collaboration.

In the follow-up process of implementation of the 2030 SDG Agenda and in alignment with other national policy plans, including the government program, the Curaçao government has expanded the 4 SDGs named in the NDP with two other important SDGs: SDG 1 (Poverty) and SDG 3 (Health and Wellbeing). So, Curaçao is currently focusing on 6 priority SDGs.

2.6 How Does the Cooperative Model Support the Achievement of SDGs?

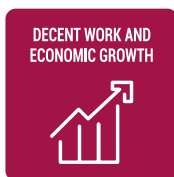
The decree signed by the Minister of Economic Development on May 2, 2019 establishes the following considerations for the formulation of the Cooperative Development Policy, which supports the achievement of the SDGs:

- I. On December 12, 2018, the government approved a roadmap for the implementation of the SDGs, to give priority to the 2030 agenda;
- II. The promotion of cooperatives contributes to the achievement of various SDGs, in particular: poverty alleviation [SDG 1], fighting hunger [SDG 2], gender equality [SDG 5] and employment and economic growth [SDG 8];
- III. Cooperatives and actors in the social economy spectrum contribute to, among other things, sustainable and inclusive growth, highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection;
- IV. The social economy plays an important role in combating unemployment, especially among the youth;
- V. Cooperative advantages make cooperatives a perfect instrument for developing the social economy.



2.7 Cooperative Advantages and Challenges in Connection with SDG Targets

The cooperative model can influence lives, revitalize communities and transform local economies. This form of community enterprises comes with some concrete benefits and challenges. In this paragraph, we aligned these to the specific SDGs.



Economies of scale [SDG 8 + SDG 4]

Cooperatives can be an effective system for developing the skills and resources of relatively unskilled or disadvantaged people. The members can learn how to pool their resources and how to help one another set up a commonly-owned business so that together they can address needs which, due to their prohibitive complexity or expense, they would not be able to meet individually.

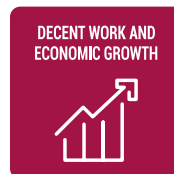
Cooperatives can also be effective in promoting personal development and in creating wealth, while sharing and strengthening diverse skills.



Contributing to poverty reduction [SDG 1]

Cooperatives can be effective in reducing poverty because:

- They provide common services which would have been costly if carried out by individual members.
- If they operate efficiently, they provide goods and services at competitive prices, thus leading to savings for their members.
- Some cooperatives provide credit to members, which enables them to improve production and increase their incomes.
- The returns accruing from the cooperative business revert to members either in cash or in kind.



Sustainable decent employment creation [SDG 8]

Cooperatives help create employment and are currently employing millions of people around the world. Producer, Consumer or Worker Cooperatives have demonstrated their capacity for creating jobs in their respective economies. Consider, for example, the number of jobs created and saved by credit unions in some Caribbean countries, with over 50% of their portfolio in productive sector loans, and jobs retained along the value chain by buoyant fisher and fruit processing cooperatives.

This demonstrated capacity for sustainable decent employment creation is crucial for poverty reduction strategies and consequently for strengthening the social safety net. In addition to creating employment for their members and members' workers, cooperatives also employ people directly as managers, accountants, technicians, administrators, lawyers, auditors and business consultants.



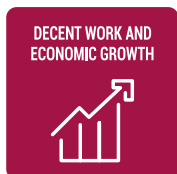
Gender equality [SDG 5]

Cooperatives provide a voice and a vehicle for economic opportunities for women who are otherwise disenfranchised and provided with few opportunities to break the cycle of poverty. Cooperatives are sometimes the only avenue for women to gain education and training in order to create employment opportunities and raise the standard of living for themselves and their families.



Youth empowerment [SDG 4]

Cooperatives provide essential life skills by teaching and engaging young people on topics such as money management, the importance of savings and the power of compound interest. They also learn about important values and principles, including democracy, inclusion, honesty and fairness. Cooperatives help shape and prepare the global leaders of tomorrow.



Business development [SDG 8]

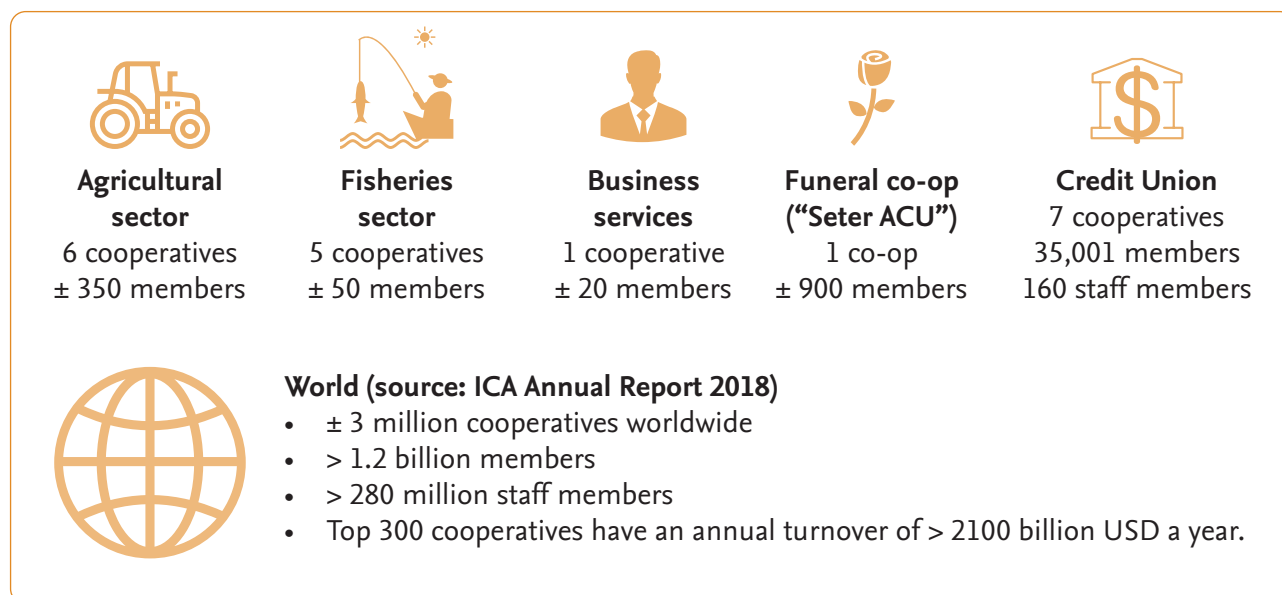
Cooperatives provide opportunities for very ordinary people to engage in business activities—people who, as individuals, would never have been able to do so due to real economic costs. Participation in the cooperative pool enables them to reap economic benefits and to acquire new knowledge and skills in marketing, production, understanding financial statements, organization and leadership, which they can apply in their private and other business lives.

CHAPTER 3 SITUATION, CONSIDERATIONS & CHALLENGES



3.1 Cooperative Movement in Numbers—Local and International

Curaçao (source: FEKOSKAN, Cooperative Development Policy, presentation November 11, 2019)



Members and participation in the International Cooperative Alliance (source: ICA Annual Report 2018)

- ICA celebrates its 125th anniversary in 2020, making it one of the oldest NGOs.
- ICA members increased from 306 to 313 members
- ICA is present in 109 countries and across all regions of the world
- ICA gained 5 new member countries and lost 1 member country:
 - The new member countries are Kyrgyzstan, Jordan, Lesotho, Curaçao, and Somalia.
 - The Netherlands is the lapsed country from ICA’s membership.

Curaçao’s cooperative movement currently consists of financial and non-financial sector cooperatives. The following inventory, Table 3.1-1, gives an indication of the number of cooperatives registered in Curaçao. There are differences between the figures in this table and the overview above. The figures in Table 3.1-1 are meant as an indication only. Further research and data collection are necessary for their verification. As of December 31, 2018, the island had twenty large and well-known cooperatives.

There are also smaller ones consisting of enterprises with fewer members on the island. But reliable data or research over the whole spectrum is not available. Combining an inventory from the Chamber of Commerce register with information from the telephone directory leads to a more extensive picture. In total, 48% of cooperatives in these registers are active in the financial sector, and 24% in the agriculture and food industry. The remaining categories, in which service sectors are combined, stand for 28%.

Table 3.1-1

CATEGORY	NUMBER	PERCENTAGE (±)
Agriculture and Food Industry	10	24%
Industry and Utilities	0	0%
Wholesale and Small Trade	0	0%
Insurance cooperatives and investment funds	1	2%
Banks and Financial Services	20	48%
Health, Education and Social Care	2	5%
Other services	9	21%
Total	42	100%

Source: MED & FEKOSKAN, A Strategic Plan to Promote Cooperative Enterprises in Curaçao, July 2019



Analysis and considerations:

- A. Compared with the financial sector, the agricultural and fishing sectors have performed relatively poorly in the Curaçao economy. This negative performance can be attributed, among other things, to poor water-management strategies, decreasing interest among young people in these sectors, falling international commodity prices and global competition.
- B. The government recognizes that a genuine, autonomous and economically viable cooperative movement holds enormous development potential for Curaçao. The capacity to organize revenue-generating activities and to create and develop sustainable decent employment would be guaranteed to increase. Moreover, it would support the development of the companies' potential, including entrepreneurial and managerial capacities.
- C. It is also recognized that through capacity building, cooperatives could strengthen their competitiveness, and their access to markets and to institutional financing. Cooperatives can contribute to the expansion of a viable and dynamic distinctive sector of the economy that meets the social and economic needs of our community. These opportunities for creating broad economic empowerment are crucial to achieving the growth objectives of Curaçao.

The following statement conveys one of the priorities set by the participants as a result of the democratic dialogue (see section 5.1.2):

“The government must determine the role of cooperativism in our community within its policy, by taking into account the four pillars for Curaçao’s development, namely the economy, finance, (legislation for) social development, and education.”

FEKOSKAN collects specific data (see Table 3.1-2) about the credit unions regarding their membership and assets. Based on that information, it can be established that, in 2018, there were seven credit unions, with around 35,000 members and a total of 160 employees.

Table: 3.1-2: Credit Unions (CU) in Curaçao

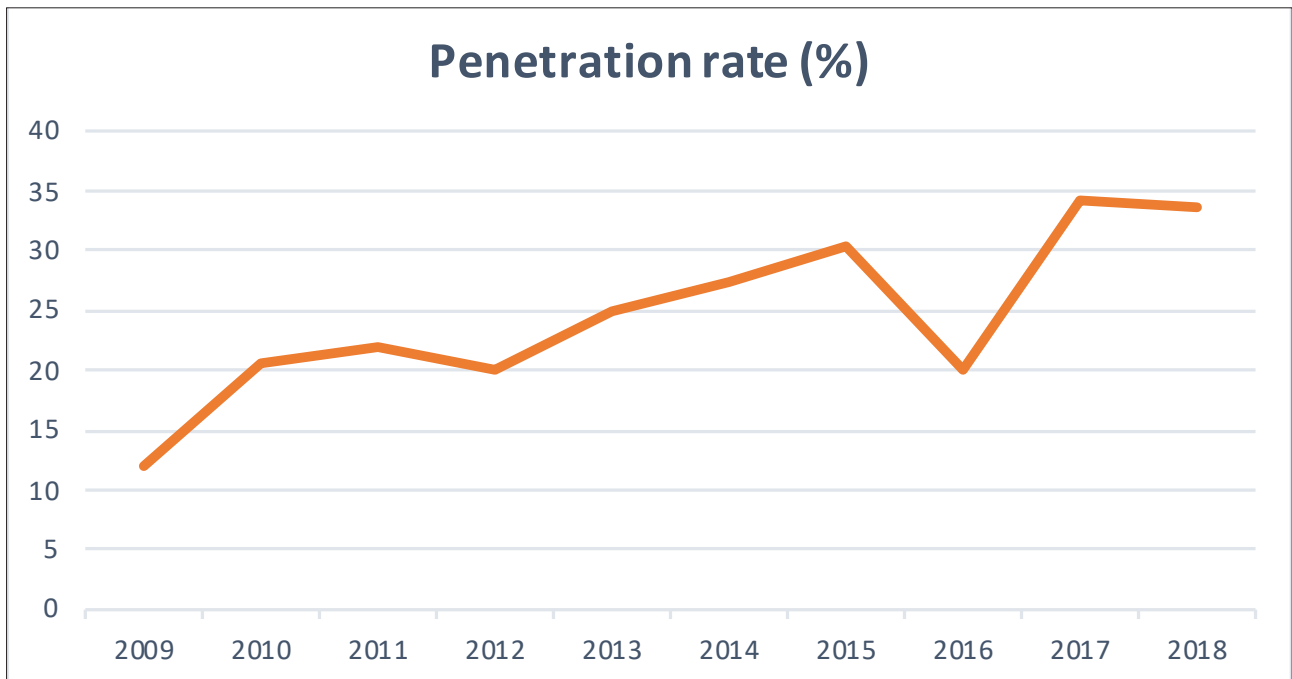
Year	# CU	# Members	Assets (USD)	Savings USD)	Loans (USD)	Pen (%)*
2009	13	18,360	66,300,000	35,700,000	40,800,000	12
2010	13	19,531	109,604,520	45,197,740	81,920,904	20.6
2011	11	20,912	125,793,550	70,462,739	95,990,331	22
2012	10	21,532	71,882,029	40,264,422	54,851,618	20.14
2013	8	24,338	138,919,163	79,598,944	109,540,918	24.85
2014	8	26,772	168,565,302	92,402,786	134,065,934	27.4
2015	8	29,542	201,076,464	110,056,341	151,627,412	30.4
2016	8	31,764	222,252,580	133,697,126	165,233,651	20.1
2017	7	35,448	242,611,406	151,707,692	174,243,065	34.2
2018	7	35,001	257,535,500	140,573,524	193,916,643	33.59

Source: WOCCU Statistical Report, 2009-2018

*** The penetration rate is calculated by dividing the total number of members by the economically active population of 15-64 years old.**

The penetration rate is nearly 35%, which includes the economically active population of 15-64 years old. These figures establish the importance of cooperatives and their impact on the community of Curaçao.

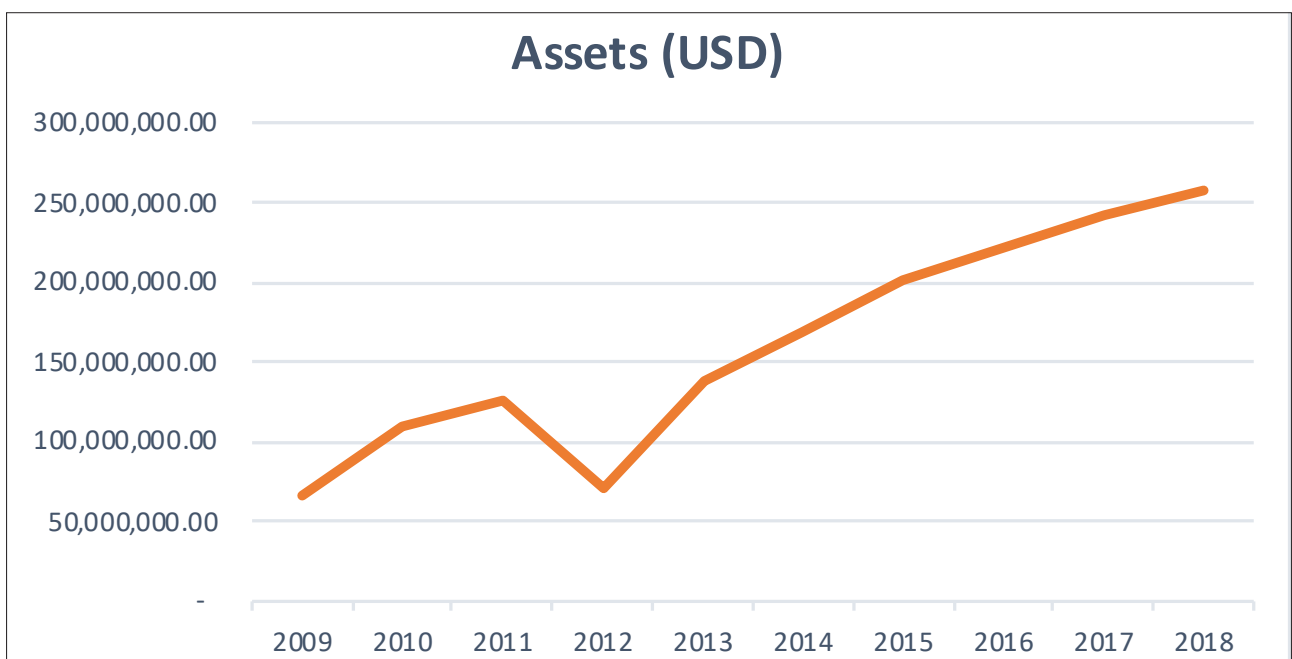
Graphic 3.1-2



Source: WOCCU Statistical Report, 2009-2018

As of December 31, 2018, the seven existing credit unions together possessed assets worth nearly USD 258 million, which is about ANG 464.4 million. They had nearly USD 194 million (ANG 349.2 million) in outstanding loans to their members and USD 141 million (ANG 253.8 million) in savings, also of their individual members. There has also been a substantial increase in assets, from USD 66,300,000 in 2009 to USD 257,535,000 in 2018, representing a nearly threefold increase (See Graphic 3.1-3).

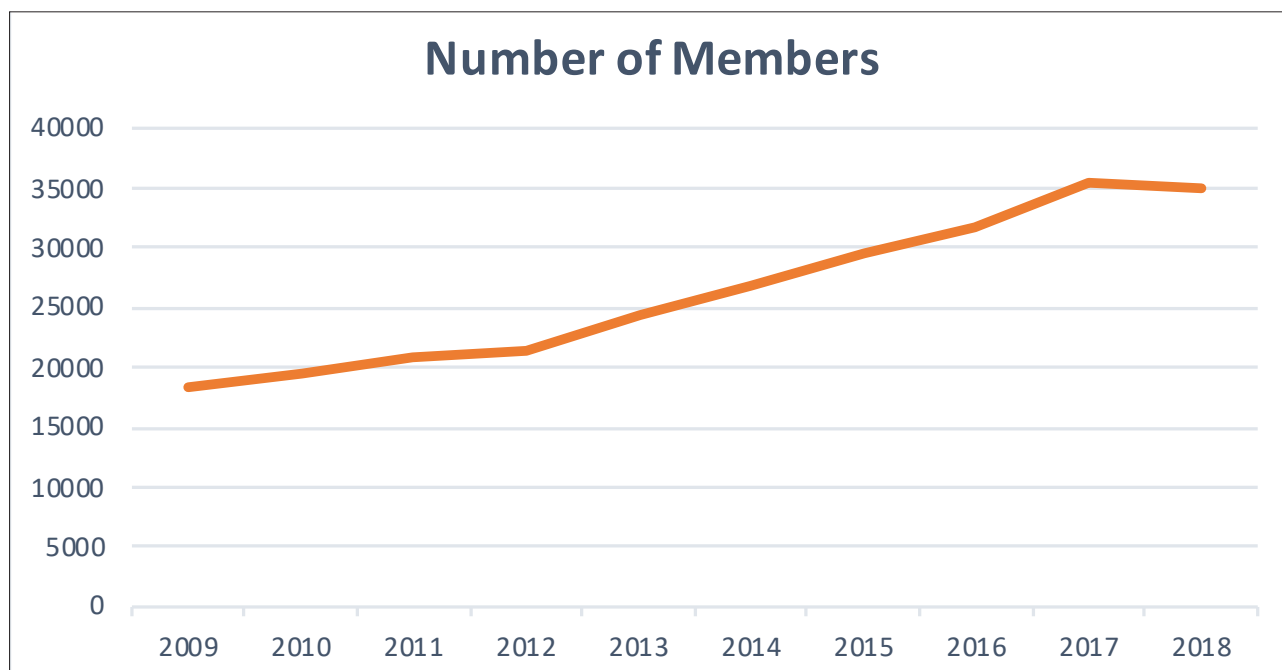
Graphic 3.1.-3



Source: WOCCU Statistical Report, 2009-2018

From December 31, 2009 to December 2018, there was a substantial membership increase of 91% in nine years' time (See Graphic 3.1-4).

Graphic 3.1-4



Source: WOCCU Statistical Report, 2009-2018

CONCLUSIONS:

Comparing the distribution of cooperatives per sector (see Table 3.1-1) with the desired situation leads to the following conclusions:

- A. No cooperative is currently active in the education sector and only 5% of cooperatives are active in the healthcare and social sectors.
- B. With 50% and 45% respectively, the financial and economic sectors account for almost the entire cooperative sector in Curaçao. The financial sector includes banks and financial services (48%), insurance cooperatives and investment funds (2%).
- C. The economics sector includes the categories agriculture and food industry (24%); industry and utilities (0%); wholesale and small trade (0%); and other Services (21%).
- D. The penetration rate is nearly 35%, which includes the economically active population of 15-64 years old. These figures show the importance of cooperatives and their impact on the community of Curaçao.
- E. In 2018, the membership of all credit unions together was 35,001, which means that more than 20% of the total local population are members of a credit union.
- F. From December 31, 2009 to December 31, 2018, there was a substantial increase in membership—91% in nine years' time.

3.2 Cooperatives and Value Addition

Savings and Credit Cooperatives (Credit Unions) have managed to mobilize substantial savings which have been loaned out to members. Unfortunately, these loans have been used mainly for consumption purposes, with little being directed towards production activities.

This policy is a rallying call to cooperatives to take the mantle and lead in the social-economic growth of Curaçao. This objective is based on the realization that there are many benefits that will accrue if cooperatives are in the forefront of the development process. These benefits include equitable distribution of wealth, job creation, growth in export capacity and strengthening of the local economy, among other things.

3.3 Cooperatives and Specific Target Groups

The government acknowledges the specific potential of cooperatives, as enterprises and organizations inspired by solidarity, to respond to members' needs and ensure greater participation in the mainstream economy—especially women, persons with disabilities and youth. The government shall continuously engage with stakeholders in the youth and women sectors to design appropriate support programs. The government shall also consider introducing support measures for the activities of cooperatives that meet specific social and public policy outcomes, such as employment creation and the development of activities benefiting disadvantaged groups.

3.4 Potential Contributions of Cooperatives to the Social Economy

The government acknowledges that a genuine, autonomous and economically viable cooperative movement and its membership hold a vast development potential for:

- A) Creating and developing income-generating activities and sustainable decent employment.
- B) Developing human-resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training.
- C) Developing people's business potential, including entrepreneurial and managerial capacities.
- D) Increasing savings and investments.
- E) Improving social and economic wellbeing.
- F) Improving social and economic wellbeing, taking into account the need to eliminate all forms of discrimination.
- G) Contributing to sustainable human development.
- H) Establishing and expanding a viable and dynamic distinctive sector of the economy that responds to the social and economic needs of the community.
- I) Enhancing broad-based economic empowerment, thereby assisting the government in achieving the objectives of its economic reform strategy.

The Government recognizes that the main purpose of cooperatives is to render services to their members. Cooperatives can contribute to Curaçao's development by improving the Social-economic situation of their members. Whereas the development potential of cooperatives is in principle not different from that of other types of enterprise, the double nature of cooperatives (members are at the same time both owners and users of their cooperatives) makes them a better fit for specific population groups, sectors or situations. Hence, cooperatives possess an inherent, special potential for the development of Curaçao's social economy.

3.5 Challenges in Cooperative Development

Cooperatives can play a significant role in several key areas of the Curaçao economy. However, it is only recently that they have begun to turn up in the new economy. Given their advantages, what prevents cooperatives from developing further? What limits their fields of potential endeavor? There is no easy answer to these questions, as many factors are involved.

To prosper, cooperatives need to be able to rely on an environment that is favorable to their emergence and growth. Certain key elements must be present to facilitate their development. Consultations on the draft policy clearly revealed that Curaçao's cooperatives need more tools and levers to fully assume their role in economic development.

Among the changes required, the following priorities need to be addressed:

Government challenges:

- A. Establishing a modern legal framework adapted to contemporary circumstances
- B. Supporting income taxation demands
- C. Collection, analysis and dissemination of statistics
- D. Recognizing cooperatives as a unique business form
- E. Providing technical assistance
- F. Acknowledging the role of cooperatives and harmonizing government action
- G. Youth entrepreneurship.

Cooperative management challenges:

- H. Improving management and technical skills
- I. Leveraging trust and social cohesion
- J. Democratic decision-making skills
- K. Cooperation among cooperatives
- L. Individual vs. collective interest
- M. Compliance with supervision ordinances and guidelines
- N. Management staff
- O. Use of innovative IT solutions
- P. Cooperative education, training and research.

Challenges in cooperative organizational structures:

- Q. Structure of the cooperative movement
- R. Reinforcing economic and associational dimensions
- S. Adoption of good governance practices
- T. Cooperative capitalization and financing.

Market challenges:

- U. Improving networks and economic value chains
- V. Improving access to markets.

3.5.1 Government Challenges

3.5.1.1 *Legal framework*

Cooperatives in Curaçao are governed by Title 4 Book II of the Curaçao Civil Code. The code is in some respects not too well adapted to the environment in which today's cooperatives operate worldwide. For example, it merely addresses the needs and philosophy of cooperatives, and does not consider new areas of cooperative development that are increasingly focused on work cooperatives, shareholder worker cooperatives and, more recently, solidarity cooperatives. The articles in the code should therefore be expanded to reflect this reality.

3.5.1.2 *Income taxation demands*

In recent years, the cooperative sector has repeatedly opposed the tax authorities' plans to tax cooperatives retroactively for income tax. One of their main arguments is that cooperative societies are constituted through the association of persons who have common economic and social interests and conduct business activities in order to satisfy these interests.

The members are also the users of the activity carried out, which distinguishes these entities from other business enterprises. In other words, cooperative organizations are operated entirely by and for their members. In this way, cooperatives contribute to a more even distribution of income and thus to sustainable development. Another argument concerns the fact that while commercial businesses have stockholders, a cooperative's shareholders are its members and each member has one vote, regardless of the amount on deposit.

Although a draft bill for tax exemption for credit unions was unanimously adopted by Parliament in 2009, this proposal has not yet been passed into law.

It is important to note that, like any other business, cooperatives do pay many taxes and fees. It is also important to note that patronage refunds (so-called dividends) paid to members are taxed at the membership level.

3.5.1.3 *Collection, analysis and dissemination of statistics*

Lack of statistics about the full spectrum of the cooperative sector and its social impact is resulting in insufficient market transparency and poor appreciation of the cooperative business model. Thorough and regular monitoring and evaluation of the development of cooperatives is lacking.

3.5.1.4 *Recognizing cooperatives as a unique business form*

Most policy interventions do not take into consideration the unique nature of the cooperative business model.

3.5.1.5 *Technical assistance*

Foreign experience has shown that cooperative movement momentum can be reinforced by effective technical assistance and startup services for new cooperatives, as well as support and consulting services for existing ones.

Startup assistance

At the startup stage, cooperatives differ from private companies in terms of the large number of promoters and the democratic nature of company decision making. Because of these two factors, general startup assistance and support services cannot fully meet the needs of cooperatives. For this reason, cooperatives need an assistance program. Such a program has three main objectives: to promote the cooperative formula, to foster cooperation among cooperatives and, above all, to provide technical assistance attuned to the needs of cooperatives at startup.

Specialized oversight and networking

The cooperative experience elsewhere in the world shows that businesses need specialized oversight after startup. Without (sectoral) federations (apex organizations) or groups to provide such services, cooperatives have much higher failure rates, while cooperative liquidations are quite rare when the network is strong and cooperatives can count on the support of such services.

A point commonly raised worldwide in discussions on cooperative development is that strong cooperative networks tend to spur growth. When the existing federations or groups have a restricted budget and a role largely limited to representation, the member cooperatives struggle to identify a common direction and common interests. On the other hand, cooperatives that do not or cannot belong to a network are in a troublesome situation. Cooperatives working in isolation suffer in terms of performance, due to both competition and their limited ability to achieve their economic and social objectives.

This situation is easy to explain: These cooperatives have limited access to strategic business information and sector expertise. They also benefit from few economies of scale from purchasing or service groups. And because they receive little support in managing their associative structure, they suffer more governance problems and instability in their decision making. Their isolation makes these cooperatives much more vulnerable to economic fluctuations and turmoil in the economic and social environment. It is for these reasons imperative to strengthen the local federations of cooperatives and to encourage startups to be part of these federations.

3.5.1.6 Acknowledging the role of cooperatives and harmonizing government action

Even though certain ministries have provided some support to cooperatives, this support has been unfocused, uncoordinated and lacking systematic and sustained targeting on cooperatives. The core mandate of these ministries is not to promote the development of cooperatives, which makes it difficult for them to create huge capacity to target this sector.

In most cases, budget allocation for the sector has been poor and even non-existent. Most of these ministries do not have the expertise to appreciate the complex challenges confronting cooperatives and to respond accordingly. This is understandable given the fact that this is not their core mandate.

Additionally, the lack of clarity about roles and contributions of different ministries makes their efforts uncoordinated and less effective. To continue growing, cooperatives need the government to harmonize its efforts on their behalf and take concrete action to acknowledge the importance of the cooperative model to the economic and social development of Curaçao.

Coordinating and Harmonizing Government Action

The government as a whole must become more aware of cooperatives' specific development needs, which are not always given full consideration in the drafting of acts and the preparation of programs and measures. The integration and harmonization of government action on behalf of cooperative development is vital for the cooperative model to grow. The formula must also receive greater government acknowledgement and support for its special contribution to the social and economic development of Curaçao.

Teaching Cooperation

Teaching about the cooperative business model helps highlight and increase understanding of this formula, especially among young people. In this regard, one of the major concerns of the cooperative movement is the seemingly limited attention paid to the cooperative business model at the primary, secondary and university levels. The cooperative business model in general seems to receive much less attention than the corporate model. This situation appears to indirectly impact the choices young people make when they enter the business world.

Promoting Cooperatives

Limited promotion and awareness of the cooperative business model is one of the barriers to the development of cooperatives in Curaçao. The public and private sector and society in general do not understand the cooperative model and its inherent value. Furthermore, it has been observed that professionals who advise promoters interested in establishing a business have little understanding of the cooperative model. Consequently, they rarely think to present the cooperative formula as an attractive option. The push to increase the visibility of the cooperative business model has intensified in recent years. Cooperatives are looking to the government to join in awareness campaigns to promote this model among the general public, particularly by celebrating the successes of cooperatives in the various sectors in which they operate.

Strategic Positioning

Strategically, businesses need a better understanding of their current and future environments. Analyzing globalization and its impact on cooperatives could prove vitally important. The place cooperatives will occupy in Curaçao in the future will depend on their ability to meet the challenges they face. With such an analysis of the environment to guide them, they would be better equipped to develop suitable strategies. Sectors with high cooperative development potential in Curaçao must also be identified.

The results of this research or analysis might be useful in developing targeted strategies for seizing new business opportunities or meeting special public needs. This proactive approach to development based on a medium and long-term vision has already yielded positive results in the credit union sector, where the introduction of a suitable strategy has led to significant growth.

Partnership and Policy Support

Success in disseminating the cooperative model is closely tied to the expansion of partner networks, which can provide exposure for this form of business. New avenues must be explored for strengthening ties between cooperatives and economic development bodies, harmonizing their actions and efforts, and creating new opportunities for cooperation.

This policy and all the efforts it will entail will require a considerable investment of resources and energy by the Ministry of Economic Development and the representative organization of cooperatives. We must ensure that these parties will act as effective advocates of the cooperative movement and be able to push for implementation of the various aspects of the policy.

Long-Term Support for Cooperative Development

Official acknowledgement of the importance of cooperatives is vital for the cooperative movement, as it wants to make sure it can count on the long-term development support it needs. The experience of several foreign countries shows that without this acknowledgement, government efforts in support of cooperative development may fluctuate greatly over time and become bound by political trends or the economic situation.

Ongoing government support for cooperatives is essential to promoting consistent departmental involvement and supporting cooperative development. Cooperatives must become a concern of the entire government.

3.5.1.7 Youth entrepreneurship

Youth (defined here as between 15 and 24 years of age) represent a significant share within the total population. They are educated and ICT savvy, with one of the highest adoption rates of ICT integration in the Caribbean. The youth unemployment rate, however, stood at 29.3% in 2018, according to the Central Bureau of Statistics Curaçao. A key contributor to unemployment is the lack of practical entrepreneurial skills. There is an opportunity to harness this large amount of unutilized energy through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives.

3.5.2 Cooperative Management Challenges

3.5.2.1 Management and technical skills

Many newly established cooperatives are started by people with no prior business experience. Certain cooperatives such as agricultural and fisheries require specialist technical knowledge which is not always available within the cooperative. A lack of both management and technical skills by individual members undermines the chances of success. Lack of these skills can also contribute to tensions within the cooperative.

3.5.2.2 Trust and social cohesion

Due to the unique nature of collective interest and participation, cooperatives rely on high levels of trust between members. The absence of a shared vision, a shared approach, financial trust and strong social ties has contributed to the demise of several cooperatives in the past.

3.5.2.3 Democratic decision-making skills

Democracy requires skills in the decision-making processes. Democracy is often accompanied by lack of clarity or consensus on the scope of decision-making authority. Consequently, this has been an area of high contestation and tension within cooperatives. When boards overstep their mandate and do not keep members informed, trust is eroded. This is not surprising given the management complexity of even the simplest democratic process. Boards of directors may lack cooperative governance skills.

3.5.2.4 Cooperation among cooperatives

Cooperatives in Curaçao do not cooperate enough amongst each other. This can result in isolation and poor performance as they miss out on opportunities to learn from one another.

3.5.2.5 Individual vs. collective interest

A cooperative is premised on always placing the collective interest before individual interest. “Free riders,” opportunism, greed and self-interest have been at the heart of many differences within the Curaçao cooperative movement.

3.5.2.6 Compliance with supervision ordinances and guidelines

Several financial cooperatives struggle to comply with ordinances and guidelines regarding the oversight of financial institutions by the Central Bank. In the opinion of the financial cooperatives, these guidelines are aimed at commercial banks and do not take enough into account the specific characteristics and the social character of financial cooperatives. Based on the National Ordinance on the Supervision of Banking and Credit Institutions, the Central Bank is the only institution in Curaçao that can grant a license to credit institutions.

3.5.2.7 Management Staff

Many cooperative enterprises are unable to employ and/or retain high-caliber management staff; the burden of due diligence is left to the cooperative members, through the directors or board committees, who often have limited education on cooperative operations.

Strengthening the cooperative institutions’ management will spur the realization of the government’s objectives of economic growth and poverty reduction.

3.5.2.8 Use of innovative IT solutions

Except for some financial cooperatives, most established cooperatives are still on manual (paper-based) operations. In addition, many cooperative enterprises lack sufficiently trained and experienced ICT personnel to effectively deliver ICT solutions.



3.5.2.9 Cooperative education, training and research

Cooperative information, education and training is an internationally accepted cooperative principle whose objective is to provide members, management and employees of the cooperative sector and the general public with adequate knowledge and technical skills to carry out their respective roles effectively.

Funding cooperative education, training and information continues to be the sector's responsibility. Education and training in cooperative enterprises is not regulated, and this is something that has not helped in professionalizing the management of cooperative enterprises. In addition, cooperative courses are not offered in primary and secondary education, nor in universities.

One of the major challenges facing cooperatives is inadequate research in emerging products and services. Due to this lack of research and innovation functions, most cooperatives lag their competitors in terms of innovation.

There is also a lack of reliable sources of information pertaining to cooperatives. Cooperative research and innovation would serve as a primary response to the pressures of local and international competition, enabling these enterprises to meet the short- and long-term asset requirements in order to implement new approaches for coping with the intensifying competition and meet the market's demand for quality products and services.

3.5.3 Challenges in Cooperative Organizational Structures

3.5.3.1 *The Structure of the cooperative movement*

The financial cooperative movement in Curaçao has operated on a two-tier system where these associations are classified as either primary or secondary. From the outset, this structure was meant to:

- Consist of viable economic units capable of providing the services needed by their members
- Leverage economies of scale to ensure the highest possible returns to the individual members
- Provide a national cooperative organization that would nationally coordinate the activities of its affiliates and appropriate cooperative bodies internationally, and lobby and articulate the concerns of the cooperative movement nationally and internationally.

The lowest level of the structure therefore comprises the primary cooperatives, formed by individuals usually as a single purpose or product. To achieve economies of scale, representative coordinating organizations operating at national level are essential.

3.5.3.2 *Reinforcing economic and associational dimensions*

For cooperatives to continue growing and improving their performance, they will need to reinforce their economic and associational dimensions.

Economic Dimension

For several years, the financial cooperatives have been adjusting to new economic realities, including globalization. This has led to a general questioning of the business practices and directions of businesses in this sector. The resulting adjustments have required firm resolve and great effort.

A certain conservatism may be noted however in the cooperative movement, particularly regarding the adoption of better business practices. An exception to this is the financial cooperative sector, which has made a strong push in that direction. As with most small businesses, several cooperatives have limited access to strategic information. Although they are increasingly concerned with being connected to major management trends and new practices, except for those in the larger sectors, these cooperatives have next to no strategic support.

Cooperatives should consider best business practices, such as comparative analysis, benchmarking, and the Kaizen method, as well as new value-added production approaches. It is important for these businesses and their managers to understand the benefits of best business practices, and that cooperative groups should acquire this new know-how as a prerequisite to distributing and integrating it into each cooperative in their sector, thereby boosting their competitiveness.

Associational Dimension

Cooperatives that have rapidly grown into businesses with a solid position in their market owe much of their success to their ability to effectively manage their associations. In Curaçao, unlike Europe, there is currently no general tool for associational oversight. This deficiency deprives cooperatives of one of their key strengths—the ability to move their members toward a common goal.

The cooperative method is based on member endorsement of a philosophy focused largely on the fundamental values of solidarity and democracy. It is accepted that this cooperative philosophy is built mainly through cooperative education, which is a must for well-structured, motivated participation in the medium and long term. Despite the efforts already expended in this area, the cooperative movement must go much further, particularly in extending cooperative education to new groups of people. It must use new methods to better reach young people and better highlight the benefits of the cooperative model. All cooperative sectors must address this need to step up education.

In addition to cooperative education, the associational dimension includes several other facets, such as the democratic process, communication with members, welcoming new members and settling disputes. A more effective tool for associational oversight, such as the establishment of a cooperative certification and a cooperative code of conduct, seems essential to optimizing the internal strengths of cooperatives.

3.5.3.3 Adoption of cooperative governance practices

Governance is the system of rules, practices and processes by which an organization is directed and controlled. Governance essentially involves a balance between the interests of the many stakeholders of a cooperative, such as the members, the board, management, customers, suppliers, financiers, government and the community.

Since governance also provides the framework for attaining cooperative objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. Bad governance may be expected to cast doubt on a cooperative's reliability or integrity, or on its commitment to its members. Similarly, good governance creates a transparent set of rules and controls in which members, directors and management have aligned responsibilities and incentives.

In the past, local cooperatives have experienced governance challenges which may have led to loss of confidence by members. Non-clarity of roles between various cooperative organs, ignorance by members, poor succession planning and poor cooperative leadership are some of the factors that have contributed to poor governance in some cooperatives.

3.5.3.4 Cooperative capitalization and financing

The issue of cooperative capitalization is worrisome, given that Curaçao cooperatives must—like all other businesses—invest in upcoming years in order to boost their productivity, launch new products, and create and/or maintain their market share. Cooperative capitalization and financing have always been problematic. But they have a greater impact on newly established cooperatives—those that are the most promising. Most finance companies have little involvement with cooperatives. The democratic operation of cooperatives and their profit-sharing method based on use makes them less attractive to outside investors.



Moreover, external investors in cooperatives—unlike traditional private companies—do not have access to their returns from increases in value. Indeed, cooperative shares cannot increase in value over time, nor is there a secondary market for these shares. Furthermore, a cooperative cannot grant veto power to a third party, as this might undermine the very essence of democracy, the foundation of this form of business.

Finally, since cooperatives focus on optimizing return on use over return on capital, the financial return on investment of these businesses is generally lower than that of private companies.

Because of the way they operate, cooperatives cannot offer what venture-capital companies generally seek, i.e., capital gains, veto power, high financial yields, option exercise, etc. To ensure their development, they must therefore rely almost solely on member capital and profits generated by their operations.

3.5.4 Market Challenges

3.5.4.1 *Networks and economic value chains*

As with any business, cooperatives that have a broad network of support, including technical, managerial, legal, administrative and financial support, appear to be more successful. The underdeveloped nature of the cooperative movement, the limited cooperation and partnership action between cooperatives and insufficient interaction between cooperatives and non-cooperative enterprises, either as trading partners or to access financial support or other services, is an impediment to the success of cooperatives in Curaçao. This is compounded by the limited cooperative value chains that can link cooperatives operating in different sectors, the so-called cooperative ecosystem.

3.5.4.2 *Access to markets*

Limited access to markets for the products and services supplied by cooperatives (due to business counterparts' poor understanding and appreciation of cooperatives as businesses to transact with) has led to the failure of many cooperatives in the past.

The prosperity and wellbeing of Curaçao's population depends, among other things, on the expansion of the entrepreneurial base and the cooperative model. Promoting the direct involvement of citizens in the economy seems a promising solution. In the country's current situation, maintaining responsible local companies that play an active role in important economic and social sectors becomes crucial.

With this Cooperative Development Policy, the government of Curaçao demonstrates its determination to support cooperatives, so that these companies may be able to firmly position themselves towards the major challenges they face. The main goal is contributing to job creation and prosperity. This policy is aimed at improving the role and position of cooperatives within the Curaçao economy.

The background of the page is a warm, orange-toned photograph of several hands of different skin tones reaching up to hold a small, textured globe. The hands are positioned in a circle, with fingers gently cupping the globe. The overall image conveys a sense of global unity and shared responsibility for the planet.

CHAPTER 4

POLICY FOCUSED ON SUSTAINABLE DEVELOPMENT

4.1 Underlying Strategic Goals for the Cooperative Development Policy

The Curaçao government's vision includes a clear, comprehensive and widely agreed upon cooperative development policy that, if implemented successfully, would ensure:

- A.** Promoting the development of economically sustainable cooperatives that will significantly contribute to the economic growth of the country.
- B.** Creating a stimulating environment for cooperative enterprises that will improve the efficiency and profitability of cooperatives and ensure that cooperatives, as competing companies, can contribute to the sustainable social-economic development of the island.
- C.** Defining the cooperative movement's structure and strengthening the management of cooperative enterprises to encourage integration into the sector, for enhanced service delivery.
- D.** Increasing the competitiveness of the cooperative sector so that it can better take advantage of opportunities that arise on national, regional and international markets.
- E.** Facilitating the provision of support programs aimed at cooperatives, in particular cooperatives that create jobs or that benefit disadvantaged groups.
- F.** Encouraging cooperatives to seize opportunities to forge partnerships and joint ventures with other local and international agencies, that would grant them access to the resources and skills necessary to improve their strategic competitiveness and achieve skills transfer.
- G.** Encouraging individuals and groups who adhere to values of self-reliance and self-help, and who choose to work together in democratically controlled companies, to register cooperatives under this policy.
- H.** Stimulating participation by women, persons with disabilities and youth in the management of cooperatives.
- I.** Pointing out specific support measures and programs to support the development of a cooperative movement by all stakeholders.
- J.** Promoting the development and integration of ICT in the implementation and marketing of cooperative companies, aimed at improved market access and marketing efficiency at cooperatives.
- K.** Promoting savings and investments in viable cooperatives, increasing cooperatives' value, processing and production, and research capacity.
- L.** Laying the foundation for the new Cooperatives Act.
- M.** Enhancing communication between government and the cooperative movement.
- N.** Serving as a reference for cooperative members by explaining why and how the government supports cooperatives and by determining the relationship between the government, cooperatives, civil society and the private sector.

4.2 Actions to Achieve the Strategic Goals of the Cooperative Development Policy

To achieve the strategic goals, the following actions should be taken:

1. Initiatives aimed at structured exchange of information and experiences, and at supporting best practices. These actions are intended to make the ministries, government organizations, companies, existing cooperatives, schools and the wider society aware of the cooperatives' potential, and potentially strengthen the cooperative form of enterprise;
2. In line with the above, cooperation with other relevant civil society organizations is encouraged;
3. Collection and analysis of statistical data on cooperatives by the Central Bureau of Statistics and the local knowledge institutes/ universities. The collected data will be used as input for data-driven decision making, implementation and evaluation of the policy;
4. Ensuring that information on the nature and functioning of cooperative companies is included in the education programs of primary and secondary education, and of HBO/WO (Management) trainings and studies;
5. Ensuring the availability of business-support services (business incubator, shared services, small business development center) for emerging and existing cooperatives;
6. Making instruments and programs to promote businesses, entrepreneurship and innovation, especially for small and medium-sized enterprises, also available to cooperatives;
7. Setting up an accessible general incentive fund for cooperatives with flexible conditions and application procedures.
8. Stimulating financial cooperatives, through tax measures, to make funds available for the development of new cooperatives in the production sector;
9. Encouraging financial cooperatives to raise funds through available (tax) incentives for the development of new cooperatives in other sectors of the economy;
10. Providing (tax) incentives for cooperative companies, including income-tax exemption options for savings/credit cooperatives;
11. Actively contributing to the promotion of the cooperative ecosystem approach through policy programs;
12. Maintaining frequent contacts with cooperative umbrella organizations on policy issues or other related issues that serve to promote cooperative ventures in Curaçao;
13. Making contacts and collaborating with local and international organizations that can support the government and/or the MED in realizing its objectives with regard to the promotion of cooperative companies.

4.3 Main Goal and Targeted Objectives

Cooperatives and other actors in the social-economy spectrum contribute to, among other things, sustainable and inclusive growth, highly qualified jobs, social cohesion, social innovation, local and regional developments and environmental protection. The social economy plays an important role in combating unemployment, especially among the youth.

4.3.1 Main Goal

The main objective of this policy is:

Stimulating sustainable cooperative enterprises so that they can play a strong role in the social-economic development of Curaçao

4.3.2 Target Objectives

This Cooperative Development Policy targets the following ambitious objectives:

- A) Supporting the emergence of new critical masses of cooperatives in multiple sectors, in particular those that show promise and meet specific needs.
- B) Increasing cooperatives' contribution to the GDP growth rate and to economic transformation, as well as to their social impact on Curaçao.
- C) Working on the medium to long-term self-sufficiency of the cooperative movement. This can be achieved through partnership models, by offering tailor-made support programs and by continuously strengthening the capacities of all stakeholders at the establishment of the business and afterward.
- D) Maintaining a high cooperative survival rate in established sectors and improving this rate in emerging sectors.
- E) Promoting cooperatives as an effective means of contributing to revenue-generating activities for the economic and social well-being of women, youth and people with disabilities.
- F) Supporting cooperatives in developing their human capital and developing a greater understanding of cooperative principles and values.
- G) Strengthening cooperative sustainability by ensuring better access to information, markets, support services focused on business development and infrastructure, and institutional finance.
- H) Increasing savings and investments, through the promotion of cooperatives for financial services.
- I) Fostering a culture of cooperation, self-help, self-reliance and solidarity among cooperative beneficiaries and other stakeholders, through supporting the creation of a vertical structure of cooperatives and conducting awareness campaigns.
- J) Launching awareness campaigns aimed at improving the profile of cooperatives as dynamic and effective business organizations that can be used by individuals and communities to strengthen their social and economic well-being.

- K) Conducting feasibility studies, market surveys and awareness campaigns to strengthen the profile of cooperatives as an institution, allowing for the agglomeration of small-scale economic activities into massive activities and allowing vulnerable groups to compete with large market players.
- L) Enhancing the potential benefits of cooperatives by increasing their value and profile throughout the economy and designing appropriate support programs.
- M) Conducting leading research to inform about the innovation, evaluation and monitoring of the performance of cooperatives.

This policy is not only aimed at precise, measurable economic results, but also at encouraging authentic, sustainable, high-quality cooperative development. The success of this policy should not only be measured on the basis of quantitative indicators, but should also seek social impact, a dimension that is inextricably linked to the cooperative model.

4.4 Scope of the Cooperative Development Policy

This Cooperative Development Policy applies to all types and forms of cooperatives, in all sectors of the economy. Hence, although the emphasis is on supporting emerging cooperative enterprises, it also applies to so-called established cooperatives.

Emerging cooperatives

These cooperatives have been identified as struggling for survival and often suffer from a lack of training. Specific support forms such as capacity building, financial support and marketing support must be considered. Some of these cooperatives need support in expanding and modernizing their activities. Institutions such as the cooperative federations can utilize their tools to come up with holistic solutions for this sector. Support for this sector forms a common thread in the policy. The policy and strategy for cooperative development are therefore strongly focused on emerging cooperatives.

Established cooperatives

These are cooperatives that are primarily active in financial services. Although this sector also falls under government policy, the focus will primarily be on emerging cooperatives. Both sectors will benefit from specific support measures such as fiscal support and incentives, and external assistance that the government will provide.

All sectors of the economy

The Curaçao government recognizes that cooperatives can be active in all sectors of the economy. All sectoral strategies must include proposals for strengthening cooperatives. The government is determined to ensure that cooperatives have a greater share in the general economy by expanding to areas where they are not yet active. This will serve to promote economic activity, which is an important condition for broad economic emancipation and the strengthening of equity.



4.5 Roles in Promoting Cooperative Development

The responsibility for promoting the development of cooperatives lies not only with the Curaçao government; a wide variety of participants from both the public and private sectors is involved.

4.5.1 Role of the Government

The government's approach to cooperative development is aimed at creating a favorable legal, economic, administrative and institutional environment. The government's spheres of influence include:

- A) Giving a clear, legal definition of what constitutes a genuine cooperative enterprise.
- B) Ensuring that the legal framework does not hinder the development and growth of cooperative enterprises.
- C) Providing a conducive cooperative development policy.
- D) Formulating support programs that are delivered to cooperatives via a one-stop-shop.
- E) Providing support where justified by special circumstances, with a clear distinction between technical support services for cooperatives and regulatory functions of public authorities.
- F) Allowing cooperatives to set up their own supporting services institution.
- G) Facilitating the establishment of cooperatives with the aim of encouraging rather than replacing self-help.
- H) Developing partnerships with cooperatives where appropriate.
- I) Providing details about sectors that need to be prioritized.
- J) Monitoring and continuously updating the database of registered cooperatives.
- K) Helping cooperatives to fully meet the compliance requirements.
- L) Increasing awareness of the importance of researching factors that can influence the effective, efficient and sustainable functioning of the cooperative movement.
- M) Monitoring trends and patterns in the development of the cooperative movement and formulating reports on these.
- N) Coordinating and guiding external assistance provided for the development of cooperatives.

4.5.2 Role of the Local Cooperative Movement

The local cooperative movement should primarily:

- Assist the government in developing a policy and legal framework for the promotion of cooperatives in Curaçao.
- Develop support programs such as research, education and technical training, financial, technical and commercial business-support services, and awareness, mobilization and advocacy programs.
- Manage their own support services and contribute to their financing.
- Establish an active relationship with employers' and workers' organizations and with relevant governmental and non-governmental agencies, with a view to creating a favorable climate for the development of cooperatives.
- Promote the horizontal and vertical integration of cooperatives.
- Invest in human resource development of their members, workers and managers.
- Promote further development of and affiliation with national and international cooperative organizations.
- Represent the national cooperative movement at international level.
- Undertake any other activities for the promotion of cooperatives.

4.5.3 Role of the Trade Unions

The trade unions' role is to:

- Advise and assist workers in user-owned cooperatives to join unions.
- Help their members to set up cooperatives, among other things by facilitating access to basic goods and services.
- Participate in committees and working groups that consider economic and social issues having an impact on cooperatives.
- Assist and participate in the creation of new cooperatives with a view to creating or maintaining employment, including in cases of proposed closures of enterprises.
- Assist and participate in programs for cooperatives aiming at productivity improvement.
- Support cooperatives, especially emerging cooperatives, through their procurement, training, marketing and other available programs and activities.
- Promote equal opportunities in cooperatives.
- Promote the exercise of the rights of worker-members of cooperatives.
- Undertake any other activities for the promotion of cooperatives, including education and training.



4.5.4 Role of the Employers' Organizations

The role of employers' organizations is to extend membership and provision of services to cooperatives wishing to join.

4.5.5 Role of the Financial Institutions

Financial institutions, e.g. banks, also have a role to play in terms of developing funding products tailor-made for the development of cooperatives.

4.5.6 Role of the Community Organizations

Community organizations, including universities, should support programs such as for research, education and training of cooperatives, financial and non-financial support, and awareness and mobilization.

4.5.7 Role of International Organizations

International organizations also have a role to play in the development of cooperatives, e.g. by:

- Exchanging information on policies and programs that have proven effective in creating jobs and generating income for members of cooperatives.
- Encouraging and promoting relationships between national and international organizations and institutions involved in the development of cooperatives to:
 - Exchange personnel, ideas, educational and training materials, methodologies and reference materials.
 - Compile and utilize research material and other data on cooperatives and their development.
 - Establish alliances and international partnerships between cooperatives.
 - Promote and protect co-operative values and principles.
 - Establish commercial relations between cooperatives.
- Providing cooperatives with access to national and international data, such as market information, legislation, training methods and techniques, technology and product standards.
- Developing common regional and international guidelines and legislation to support cooperatives, in consultation with relevant employers' and employees' organizations.

This inclusive participation is crucial in the development of cooperatives, to ensure that the huge task of promoting cooperatives is carried out adequately, effectively and in a decentralized manner, recognizing the valuable contribution of all stakeholders.

The background of the page is a warm, orange-toned photograph. It depicts a group of diverse hands, from various skin tones, reaching towards the center. In the middle, several hands are cupped together, holding a small, dark, textured seedling with a few bright yellow leaves. The overall composition is centered and conveys a sense of unity, care, and shared growth.

CHAPTER 5 PRIORITIES AND STRATEGIC ACTIONS



5.1 Policy Priorities Arising from the Democratic Dialogue

The development and implementation of a cooperativism policy must be a dynamic process. The input from the Democratic Dialogue is therefore considered essential.

This section presents the four most important priorities that emerged in the democratic dialogue (DD) on cooperativism in Curaçao, held on November 22, 2019. In order to help achieve the main and specific objectives of the cooperative development policy, these priorities are intended to be implemented in the short term (see Action Plan in Chapter 6).

Linked to these local priorities, elaborated against international experiences, eleven concrete strategic actions are proposed (see section 6.2). The intention is for these actions to be carried out within two years. The eleven strategic actions will contribute to the continuation of the development policy, which should be implemented in the medium and long term, that is, in three to five and five to ten years respectively.

The CEDTF is responsible for monitoring and evaluating the impact of the Cooperative Development Policy. The evaluation will be done using key performance indicators. In this chapter, diverse lists of KPIs are presented as a guideline. These KPIs are concepts and should carefully be reviewed, studied and evaluated before being used in terms of reference or as part of a design plan/approach, as well as for research or other purposes.

5.1.1 Democratic Dialogue

The democratic dialogue method was used to gather input for the cooperative policy. The points raised by the participants during the National Democratic Dialogue include vital and relevant input. Please refer to Annex 3 for the full details.

5.1.2 High-Priority Short-Term Actions

The key question at the DD was: Which concrete proposition can you mention that can specifically improve the performance of co-ops or of the cooperative movement in general in Curaçao?

The top-four ranked answers on this question were:

- A. A legal framework must be introduced. This legislation must guarantee that the cooperative cause is supported by the seven principles of cooperativism (as defined by the ILO). The legal framework must protect cooperatives and at the same time encourage people to start their own business.
- B. The introduction of a structure of knowledge and know-how based on the philosophy of cooperativism at all levels of education on the island in primary and secondary, vocational and tertiary education, not only in the form of knowledge and know-how, but also by presenting cooperativism as a form of (social) entrepreneurship.
- C. Anchoring an integrated cooperative education and training institute to facilitate access to possible investment funds for development cooperation .
- D. Taking into account the four pillars for the development of Curaçao [economy, finance, (legislation for) social justice and education], the government must determine the role of cooperativism within its policy.

For specific actions resulting from this, reference is made to the Action Plan in Chapter 6 and in Appendices 1A + 1B. The progress of the implementation will be monitored, and the effect will be measured based on performance indicators which are further defined in the following section. The Task Force Cooperative Enterprise Development is responsible for monitoring and evaluating this (see Chapter 7).

5.1.2.1 Sub a. – KPIs

The implementation of sub a. will be monitored and its impact measured using the following key performance indicators:

1. Cooperative legislation implemented
2. Improvement of compliance by cooperatives with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.)
3. Number of cooperatives trained on legislative compliance
4. Number of workshops conducted on legislative compliance.

5.1.2.2 Sub b. – KPIs

The implementation of sub b., will be monitored and the impact measured through the following key performance indicators:

1. Structure of knowledge education and know-how implemented
2. Quantity of cooperative training at every level of the educational system
3. Contribution of cooperatives towards the reduction of poverty
4. Number of training materials developed
5. Incorporation of cooperative education into the school curriculum
6. Number of research papers published
7. Number of schools that have incorporated cooperative education.

5.1.2.3 Sub c. – KPIs

The implementation of sub c. will be monitored and its impact measured through the following key performance indicators:

1. Quantity of cooperative training at every level of the educational system
2. Contribution of cooperatives towards the reduction of poverty
3. Number of awareness workshops held
4. Number of individuals who have participated in awareness workshops
5. Number of training materials developed
6. Number of cooperatives and cooperative movement members trained
7. Number of government officials trained
8. Incorporation of cooperative education into the school curriculum
9. Total amount spent on cooperative capacity-building
10. Number of investment incentives implemented
11. A Cooperative Development Fund (CDF) established
12. Funds for the CDF reserved in the government's annual budget
13. Financial injection of financial cooperatives in the fund realized
14. Number of tax incentives established
15. Number of start-up grants provided to cooperatives
16. Share of fund's operating costs offset by the government
17. Cooperative inter-lending framework for emerging cooperatives realized
18. Cooperative Solidarity Fund realized.

5.1.2.4 Sub d. – KPIs

The implementation of sub d. will be monitored and its impact measured through the following key performance indicators:

- | | |
|---|---|
| 1. Growth in cooperative value, number and contribution to GDP growth rate of Curaçao (i.e. growth of existing enterprises and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives) | 6. Number of cooperatives accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve their sustainability |
| 2. Number of jobs created within cooperatives | 7. Contribution of cooperatives towards the reduction of poverty |
| 3. Number of cooperatives and people using cooperative services and products | 8. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives |
| 4. Improvements in capacity and in management and technical skills among cooperatives to enhance their sustainability | 9. Number of cooperatives supported with business plans |
| 5. An improvement in cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.) | 10. Number of cooperatives supported with technical and customized training |
| | 11. Number of complaints received and resolved from cooperatives |
| | 12. Number of investigations conducted for compliance purposes |



13. Number of cooperatives trading with foreign countries, also in terms of volume and value
14. Number of cooperatives benefited from procurement by government-related organizations
15. Total amount of procurement spend on cooperatives by government-related organizations
16. Number of cooperatives supported by the cooperative network
17. Number of government buildings released to cooperatives
18. Number of cooperatives benefited from the tax regime
19. Number of failing cooperatives rescued financially
20. Jobs created through the Cooperative Development Fund and self-help opportunities created
21. Number of government officials trained
22. Cooperative education incorporated into the school curriculum
23. Number of research papers published.



5.2 Strategic Actions in Line with the Four Priorities

Next to the local priorities, eleven strategic actions based on international experiences are selected here. The ranking of the first five more or less corresponds to and serves as an extension of the top four local priorities described in paragraph 5.1.

The execution of the eleven strategic actions is a necessary step in order to deepen out the cooperative development and strengthen the position of cooperatives, thus ensuring their sustainability. These are medium and long-term actions to be executed in three to five years and five to ten years respectively.

THE ELEVEN STRATEGIC ACTIONS ARE:

1. Introducing an effective and innovative legal framework.
2. Enhancing cooperative education, training and information.
3. Developing or improving capitalization and financing tools suitable for the cooperative environment.
4. Improving the non-financial business support services available to cooperatives.
5. Acknowledging the role of cooperatives by integrating and harmonizing government action in the area of cooperative development.
6. Enhancing regulation for financial cooperatives.
7. Promoting Research and Innovation in the cooperative sector.
8. Enhancing use of appropriate technology in cooperatives.
9. Adopting good cooperative governance practices.
10. Attracting the youth into the cooperative movement.
11. Creating demand for cooperative products and services.

5.2.1 Area 1: *Introducing an Effective and Innovative Legal Framework*

Title 4 Book II of the Curaçao Civil Code must be extended in order to create the conditions most conducive to starting up new cooperatives and speeding up the development of existing cooperatives, while respecting and reaffirming the values and principles of the cooperative model.

- The government encourages all stakeholders to join forces and work on a reform of the national cooperative legislation.
- The amendments to the law should be based on ILO Recommendation 193.

5.2.1.1 Course of action

Reinforcing the distinctive legal character of cooperatives

Steps must be taken to reinforce the distinctive legal character of the cooperative and consider the specifics of the cooperative formula.

- A) Provisions will be introduced to better reflect the distinct realities and diversity of the various cooperative sectors.
- B) Each type of cooperative—consumer, producer, work, multi-stakeholder—will now be clearly identified by the Act, which will include provisions to ensure better operation and development.
- C) The government will ensure that cooperatives are not set up for, or used for, non-compliance with labor law, or used to establish disguised employment relationships, and will combat pseudo cooperatives violating workers' rights, by ensuring that labor legislation is applied in all enterprises.
- D) The government will promote gender equality in cooperatives and in their work.
- E) The government will promote measures to ensure that best labor practices are followed in cooperatives, including access to relevant information.

Establish a Cooperative Advisory Board

In particular, the legislation will allow the Minister of Economic Development to establish a Cooperative Advisory Board (CAB) and shall include provisions for winding up cooperative enterprises and to provide other regulations. The functions of the Cooperative Advisory Board are to advise the Minister generally and to make recommendations regarding:

- A) The cooperative development policy in Curaçao.
- B) The application of any of the provisions of the National Ordinance or any other law on matters affecting cooperatives.
- C) The provision of support programs targeting cooperatives that create sustainable and decent employment, benefit disadvantaged groups or lead to greater participation of these groups in the economy.
- D) The establishment of guidelines for cooperative audits.
- E) Any decision the Minister is required to take in terms of the National Ordinance.
- F) The Cooperative Advisory Board will advocate on issues of importance to the cooperative sector and advise the government on key relevant issues. It will consider the impacts of cooperative enterprise development in relation to equity, growth and employment and will comment on the effectiveness of the cooperative development programs.
- G) Subject to the laws governing the public sector, the Minister must provide the Advisory Board with the staff (secretariat) that the Minister considers necessary for the performance of its functions.
- H) The membership of the Board will include key stakeholders and interested parties in the cooperative movement.

The Cooperative Enterprise Development Task Force (CEDTF) will provide executive support to the CAB in the form of a secretariat.



Legislative education & training

Education and training must be provided to pre-formation cooperatives and cooperatives in general on the importance of complying with the cooperative legislative provisions. This will be done through one-on-one interactions with cooperatives through various media, such as workshops, information brochures, etc.

The CEDTF is responsible for monitoring and evaluating the impact of the Cooperative Development Policy. The implementation of Area 1, introducing an effective and innovative legal framework on all levels of legislative education & training, will be monitored and evaluated through the following KPIs:

1. Improvement in cooperatives' compliance with all applicable legislative frameworks (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.)
2. Number of individuals trained on pre-formation support
3. Number of cooperatives trained on legislative compliance
4. Number of workshops conducted on legislative compliance
5. Number of awareness workshops held
6. Number of individuals who participated in awareness workshops
7. Number of training materials developed
8. Number of cooperatives and cooperative movement members trained
9. Number of government officials trained
10. Level of incorporation of cooperative education into the school curriculum
11. Total amount spent on cooperative capacity-building.

5.2.2 Area 2: Cooperative Education, Training and Information

For the promotion of education and training on cooperatives, the CEDTF will work in partnership with established cooperative learning institutions. The CEDTF will also carry out research to enrich knowledge on cooperatives, provide relevant information and record all knowledge on cooperatives in the country. The CEDTF will aim at the education of both cooperatives (members, managers, employees and board members) and cooperative-development professionals of the cooperative movement and the government at all spheres.

The CEDTF will also champion the process of lobbying the Ministry of Education to incorporate cooperatives into the school curriculum in order to inculcate the culture of cooperation starting at a very early age.

As described in the National Development Plan (NDP), a comprehensive Educational Improvement Plan with international experts, incorporating curriculum reform, teacher training and facility improvement needs to be developed. The CEDTF will be aiming for the inclusion of cooperativism as a structural part of the government's intended educational reform.

There are strengths to be built on and (particularly strategic) issues to be addressed across the full range of school stages:

- Early Childhood Education
- Primary Education (Foundation-based education)
- Special Education
- Secondary School
- Vocational Training
- University
- Higher Education/Postgraduate Education (at the University of Curaçao)

5.2.2.1 Course of action

- A) The cooperative movement should play a critical role in the promotion of education and training of cooperatives. The government will help expand cooperative education and training by promoting and strengthening the established cooperative learning institution.
- B) Developing standards that guide the institution and individuals that undertake cooperative training.
- C) Promoting local programs and courses in addition to relevant training opportunities abroad.
- D) Promoting the development of technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential and general economic and social policy skills of members, workers and managers, and improving their access to information and communication technologies.
- E) Increasing the quantity of cooperative training at every level of the educational system. The differences between primary and high-school instruction on the one hand and higher education on the other mean that different teaching methods are required:
 - For the different school stages—Primary Education (foundation-based education), Special Education, Secondary School and Vocational Training—the government will be examining a teaching method known as “cooperative learning,” to determine its future application in the training programs in Foundation based & Special Education, Vocational Training and Secondary School.
 - University and higher education: The main organizations responsible for Advanced Education will be approached in order to encourage concrete action to increase the focus on cooperatives at this level.
- F) Facilitating the set-up of a Cooperative Development Fund to assist the cooperative enterprises, schools and universities in cooperative education, research and training.

The implementation of Area 2 – cooperative education, training and information across the full range of all school stages will be monitored and evaluated through the following KPIs:

- | | |
|--|---|
| 1. Cooperative education incorporated into the school curriculum | 6. Number of cooperatives and cooperative-movement members trained |
| 2. Quantity of cooperative training at every level of the educational system | 7. Improved compliance by cooperatives with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.) |
| 3. Number of awareness workshops held | |
| 4. Number of individuals who participated in awareness workshops | 8. Total amount spent on cooperatives capacity-building. |
| 5. Number of training materials developed | |

5.2.3 Area 3: Developing or Improving Capitalization and Financing Tools Suitable for Cooperatives

Cooperatives must have access to capitalization and financing tools in order to obtain the capital they need to increase their investments in upcoming years.

5.2.3.1 *Course of action*

Ensuring adequate funding to support the emergence and growth of cooperatives

The projected growth of cooperatives in coming years will require considerable capital. Direct contributions by members will continue to be a key source of capital. However, to achieve the expected performance investment objectives, massive injections of outside funding will be necessary.

- 1) The government will establish a Cooperative Development Fund (CDF) to provide micro-financing support to start-up financial support at the lower end of the market. This will be an instrument aimed at mobilizing the resources within communities, to enable them to meet their economic and social needs and in that way move out of poverty. The government will reserve funds for the CDF in its annual budget. The government will also examine to what extent it is possible to adjust the objectives of the “Fondo Rotativo Agrario” in such a way that it can be used for this purpose.
- 2) The government will encourage financial cooperatives to contribute with a financial injection into this fund. To this end, the government will study the possibility to provide tax incentives to credit unions that subscribe to the fund.
- 3) The fund will also provide start-up grants to cooperatives having difficulties securing venture capital from private financial institutions due to the collective ownership structure of cooperatives. Limited working capital support will also be provided.
- 4) To help the fund fulfill its role of providing capitalization support, the government will allocate the necessary means to offset this fund’s operating costs.
- 5) The credit unions will also be encouraged to develop an inter-lending framework with the emerging cooperative sectors.
- 6) The government will encourage the creation of appropriate reserves by cooperatives, part of which at least could be indivisible.
- 7) The government will also encourage the creation of a Solidarity Fund.

Supporting demands by the cooperative movement regarding income taxation

The government intends to monitor the progress in this area and act as necessary to support cooperatives in terms of the taxation measures for cooperatives. In this regard, the government will promote a re-evaluation of the existing tax regime to bring about one that can promote the development and growth of cooperatives, taking into consideration their unique nature.

This re-evaluation should be seen in conjunction with the reformed cooperative legislation. The implementation of Area 3 – Developing or Improving Capitalization and Financing Tools Suitable for Cooperatives, will be monitored and evaluated through the following KPIs:

1. Number of investment incentives implemented
2. A Cooperative Development Fund (CDF) is established
3. Funds for the CDF reserved in the government's annual budget
4. Financial injection of financial cooperatives in the fund is realized
5. Number of tax incentives established
6. Number of start-up grants provided to cooperatives
7. Share of fund's operating costs offset by the government
8. Cooperative inter-lending framework for emerging cooperatives realized
9. Cooperative Solidarity Fund realized.

5.2.4 Area 4: Improving Non-Financial Business Support Services Available to Cooperatives

The objectives of improving the consulting services available to cooperatives are to promote the emergence of new critical masses of cooperatives in new sectors and to achieve a high survival rate of emerging cooperatives.

5.2.4.1 Course of action

- A) Improving support services available to cooperative startups
- B) Strengthening specialized oversight and federated operations
- C) Increasing the quantity and variety of multipliers for the cooperative formula
- D) Boosting the competitiveness of cooperative enterprises
- E) Helping to strengthen the associational dimension of cooperatives

Improving support services available to cooperative startups

The government will introduce a Cooperative Incubation Program to promote the cooperative model, increase cooperation between cooperatives and community partners and, above all, help and provide support services to promoters wishing to launch cooperative projects:

Pre-Formation Support Services

These services involve training cooperatives on principles of cooperation and on how to manage a cooperative. It also involves training cooperatives on key elements of the Cooperatives Act and on how to go about forming a cooperative.

Post-Formation Support Services

These involve sector-specific technical training, business-plan development, tender advice and export training. Demand-driven training programs can also be customized for individual cooperatives. Finally, these services will facilitate access to finance and assessment of business operations.



Business Infrastructure Support

The focus will be on providing facilities for use by emerging cooperatives. Renovating old government buildings to be used by cooperatives will also be considered.

Mentorship Program

The program will be designed to facilitate twinning arrangements between emerging cooperatives with their more experienced counterparts in Curaçao and the region. This will give cooperatives a more hands-on approach, especially within their own sector of operation.

Strengthening specialized oversight and federated operations

The cooperative representative organization provides post-startup services to emerging cooperatives. These general services are crucial for helping promoters successfully launch and consolidate cooperatives. The availability of these services has a direct impact on cooperative survival rate and growth.

A program will be established focusing on the retention and specialized oversight efforts of the cooperative federation. This program will specifically target structuring activities, including:

- A.** Support services for cooperatives experiencing difficulties or in need of consolidation (organizational and cooperative diagnosis, assistance with strengthening of decision-making structures, strategic personnel hiring assistance, turnaround consulting, etc.)
- B.** Sharing of know-how and expertise among cooperatives in the same or different sectors.

The program also encourages projects involving the development and application of quality standards, the broadening of management expertise and the completion of feasibility studies prior to cooperative creation. Furthermore, the program is aimed to support network initiatives or services that can, for example, foster economies of scale, increase the competitiveness of cooperatives or help them penetrate new markets.

Increasing the quantity and variety of multipliers for the cooperative formula

The presence of the cooperative model in new economic activities depends heavily on partnerships with strategic business development players. To enhance synergy in cooperative development, the government intends to:

- A. Promote new partnerships both between cooperative players and the various socio-economic partners.
- B. Promote measures to ensure that best labor practices are followed in cooperatives, including access to relevant information.
- C. Promote the adoption of measures that provide for safety and health in the cooperative workplace.

Boosting the competitiveness of cooperative enterprises

Cooperatives in Curaçao are still more concentrated in the basic economic sectors. They need to expend a great deal of effort to develop new markets or retain existing ones by launching new products. To support their efforts, the government undertakes to:

- A. Promote new product research and innovation.
- B. Encourage the formation of business partnerships in production and marketing.

Furthermore, the government will make a special effort to sensitize cooperatives to best business practices in order to spur the introduction of these tools that can help boost competitiveness. Besides that, the government undertakes to promote these tools and tailor them as required to the various cooperative client groups.

Helping to strengthen the associational dimension of cooperatives

Cooperative certification tool

The cooperative movement worldwide is exploring various avenues for better structuring the associational dimension of cooperatives—the very backbone of these organizations. Unlike companies, cooperatives require active member participation in order to function and grow.

In Curaçao, this participation must be encouraged, structured and focused on concrete common objectives. The government will support the development and distribution of a cooperative certification tool that could be transposed to all cooperative sectors. Such a tool would be aimed at better highlighting the associational dimension (e.g., improving member participation, better informing and training members, improving regulation of the decision-making process, etc.).

Strengthening cooperative networks

Enterprise networks are groups of firms that cooperate on a joint development project, complementing each other and specializing in order to overcome problems, achieve collective efficiency and penetrate markets beyond their individual reach. Networks formed by cooperatives are termed horizontal, to distinguish them from those in which one or more large-scale enterprises are involved, which are the vertical type. Cooperative networks offer an important route for cooperatives to effectively address their problems as well as to improve their sustainability.

By integrating, cooperating and coordinating their activities, through integrating mechanisms such as marketing, supply and shared services, cooperatives can collectively achieve economies of scale beyond the reach of individual small-scale firms and obtain bulk purchase inputs, achieve optimal scale in the use of machinery and pool production capacities to meet large-scale orders.



Joint work encourages enterprises to learn from each other, exchange ideas and experience to improve product quality and take over more profitable market segments. The government will support the cooperative federation's network and encourage emerging cooperatives to join the established cooperatives in the cooperative network.

The implementation of Area 4 – Improving Non-Financial Business Support Services Available to Cooperatives, will be monitored and evaluated through the following KPIs:

1. Number of cooperatives supported by the cooperative network
2. Number of complaints from cooperatives received and resolved
3. Number of cooperatives trading with foreign countries, also in terms of volume and value
4. Number of cooperatives that benefited from procurement by government-related organizations
5. Number of government buildings released to cooperatives
6. Number of cooperatives and people using cooperative services and products
7. Number of cooperatives accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve sustainability
8. Growth in cooperative value, number and contribution to GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives)
9. Total amount of procurement spent on cooperatives by government-related organizations.

5.2.5 Area 5: Acknowledging the Role of Cooperatives and Harmonizing Government Action

The government intends to actively promote, support, and foster the growth of the cooperative system through various programs, acts, and initiatives. All government departments and organizations are invited to help draft the policy's main orientations and particularly to suggest ways of promoting the creation and growth of cooperatives in their fields of jurisdiction. To this end, a variety of government representatives will be invited, in cooperation with the cooperative movement, to take part in special initiatives that will have a direct impact on cooperative development.

5.2.5.1 Course of action

- A. Recognizing local cooperative federations as the cooperative movement's representative bodies in the areas of finance, production and service
- B. Enlisting the support of the entire government in fostering cooperative development
- C. Promoting the cooperative formula and enhancing cooperative visibility
- D. Promoting partnerships between cooperatives and the government in a variety of areas
- E. Encouraging cooperatives to position themselves strategically in relation to major social and economic trends.

5.2.5.2 Recognizing cooperative federations as the cooperative movement's representative bodies

Under the terms of this policy, the government officially recognizes local cooperative federations of both the financial and non-financial sectors as representatives of the Curaçao cooperative movement. In order to help the cooperative movement and its representatives in the financial and non-financial sectors, input on how this Cooperative Development Policy should be defined and implemented is provided by cooperative members and representatives.

Support will be given to structuring activities in the following four areas:

- I. Coordination of strategic initiatives and promotion of partnerships
- II. Strategic intelligence and research
- III. Implementation of policy components
- IV. Training of cooperative managers and cooperative education.

I. Coordination of strategic initiatives and promotion of partnerships

Several new initiatives are required to help cooperatives expand into new economic areas and conclude new partnerships. Clear steps must also be taken to get the cooperative movement to work together and share expertise. Financial help appears necessary to support such initiatives, which are a direct result of the policy.

II. Strategic intelligence and research

Cooperatives have been more active in recent years in seeking out strategic information, both in terms of business practices and learning about how cooperatives are run in other parts of the world. Mutually beneficial partnerships have notably been established between FEKOSKAN and Curaçao universities.

The constant need to be more competitive demands that cooperatives have easy access to relevant, targeted information. Strategic intelligence will therefore be undertaken in order to identify all factors that could positively influence cooperatives' development.

III. Implementation of policy components

The implementation of certain parts of the policy will take place in cooperation with the cooperative federations and their cooperative training institute, based on a management agreement.

IV. Training of cooperative managers and cooperative education

A government assistance program for the training of cooperative managers and representatives is highly recommended, as cooperative managers and representatives have little to no experience when first starting out. Training like this would strengthen and improve their decision-making skills. The government intends to use FEKOSKAN's own infrastructure, the Curaçao Cooperative Academy, to provide this training.

Furthermore, the government encourages cooperation between established and emerging cooperatives in Curaçao. However, cooperation among cooperatives from different origins shall be voluntary. In addition, the national representative organization shall represent the movement at the national level, as well as in the International Cooperative Alliance (ICA) and in other international cooperative bodies.

5.2.5.3 Enlisting the support of the entire government in fostering cooperative development

Government bodies do not always understand the cooperative model, which means that its needs are not always adequately addressed in new programs or measures. To solve this problem, all departments will be urged to take cooperatives' special concerns into account when choosing a course of action.

This means:

- A.** Cooperatives will be invited to participate in government committees whose work will impact cooperative development.
- B.** Concrete measures will be proposed to ensure that cooperatives are represented on the boards of directors of public or publicly supported bodies with a vested interest in cooperatives.
- C.** Each department that deals regularly with cooperatives will assign an employee to deal with their concerns.
- D.** Cooperatives will be considered when policies are drafted that affect cooperatives or the cooperative model.

5.2.5.4 Promoting the cooperative formula and enhancing cooperative visibility

For socio-economic partners to give a more thorough picture of the cooperative model to project initiators, they must first know exactly what it is. It is thus essential that these partners be made aware of this business formula. Regularly providing special training to all socio-economic partners would increase the cooperative model's profile. For the model to reach a wider audience, it must also be promoted to professionals (accountants, lawyers, notaries, etc.) who work with companies.

The government will support the steps taken to increase awareness of cooperatives among socio-economic partners and professionals providing advice to companies. For this purpose, a communication strategy will be developed which will entail support initiatives designed to increase the promotion and awareness of the cooperative business model, as well as providing a framework for the execution of pertinent issues relating to the cooperative's movement.

These issues involve:

- A.** Organizing, conducting, collaborating and assisting in carrying out sector development research.
- B.** Marketing and communicating achievements of cooperatives through periodicals, journals, newspapers, pamphlets, brochures, books, films, broadcasts, TV and the radio in order to create a favorable atmosphere for the development of the cooperatives.
- C.** Organizing and conducting study tours to relevant countries abroad to obtain further insight on the use of best practices.
- D.** Mobilizing communities, organizing and supporting workshops, conferences, seminars and meetings designed to educate the public and private sector institutions and people on the cooperative business model.

5.2.5.5 Promoting partnerships between cooperatives and the government in a variety of areas

In many countries, governments and cooperatives form close business partnerships, with cooperatives providing certain services that generally have a social value.

The feasibility of creating new business partnerships between cooperatives and the government of Curaçao will be carefully analyzed.

5.2.5.6 Encouraging cooperatives to position themselves strategically in relation to major social and economic trends

Up to now, this cooperative development policy has mainly focused on the cooperatives' place in the Curaçao economy. However, it seems increasingly important to broaden the discussion to include the challenges of economic globalization. A better determination of the issues at stake and identification of the constraints and problems cooperatives could face are essential if cooperatives are to overcome future challenges.

It would also be advisable to perform an analysis of sectors where the cooperative system could spur development. The study should also identify specific strategies to help cooperative businesses gain a foothold in these new sectors.

The joint efforts of the cooperative movement and the government will help orient cooperative businesses towards promising sectors and make it easier for them to diversify.

The government intends to provide technical and financial support for these studies.



The implementation of Area 5 – Acknowledging the Role of Cooperatives and Harmonizing Government Action, will be monitored and evaluated through the following KPIs:

1. Growth in cooperative value, number and contribution to GDP growth rate of Curaçao (i.e. growth of existing cooperatives and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives)
2. Number of jobs created within cooperatives
3. An increase in the membership of cooperatives and the number of people using cooperative services and products
4. Improvements in the capacity, management and technical skills of cooperatives to enhance their sustainability
5. Improvements in cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.)
6. Number of cooperatives accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve sustainability
7. Contribution of cooperatives towards the reduction of poverty
8. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives
9. Number of cooperatives supported with business plans
10. Number of cooperatives supported with technical and customized training
11. Number of complaints received and resolved from cooperatives
12. Number of investigations conducted for compliance purposes
13. Number of cooperatives trading with foreign countries, also in terms of volume and value
14. Number of cooperatives benefited from procurement by government-related organizations
15. Total amount of procurement spent on cooperatives by government-related organizations
16. Number of cooperatives supported by the cooperative network
17. Number of government buildings released to cooperatives
18. Number of cooperatives that benefited from the tax regime
19. Number of failing cooperatives rescued financially
20. Jobs created through the Cooperative Development Fund and self-help opportunities created
21. Number of awareness workshops held

22. Number of individuals who participated in awareness workshops
23. Number of cooperatives formed after the awareness workshops
24. Number of training materials developed
25. Number of cooperatives and cooperative-movement members trained
26. Number of government officials trained
27. Cooperative education incorporated into the school curriculum
28. Number of research papers published
29. Cooperative information system database created.

5.2.6 Area 6: Enhancing Regulation for Financial Cooperatives

Financial cooperatives are always at varying stages of development. Some are at the emerging or transition stage, while others will be attaining maturity. It is therefore apparent that they require varying levels of regulation to support their growth.

5.2.6.1 Course of action

- A) The government will encourage both the Central Bank and the cooperative federation to, based on the reviewed Cooperatives Act, establish cooperation regarding a co-regulation of financial cooperatives.
- B) To improve its efficiency and effectiveness in regulating financial cooperatives, the government will support and strengthen the cooperative federations to build its capacity to co-regulate.
- C) The government will encourage the Central Bank to further enhance regulation for all financial cooperatives, to classify them accordingly, to issue differentiated prudential standards for different classes taking the specific characteristics of the cooperatives into account.
- D) The government will encourage simplification of administrative procedures for financial cooperatives.
- E) The Government recognizes credit unions as financial institutions alongside banks and other Micro-Finance Institutions (MFIs). There is a need for a platform where credit unions can actively participate in the national payment system at minimal cost, to boost their deposit mobilization capacity and increase their range of financial services provided to their membership. Therefore, the government will encourage the Central Bank to admit credit unions to the national clearing system NACS.

The implementation of Area 6 – Enhancing Regulation for Financial Cooperatives, will be monitored and evaluated through the following KPIs:

- | | |
|--|--|
| 1. Co-regulation of financial cooperatives implemented | 7. Number of cooperatives that benefited from the tax regime |
| 2. Enhanced regulation for financial cooperatives implemented | 8. Number of cooperatives provided with (micro) loans and grants |
| 3. Simplification of administrative procedures implemented | 9. Number of failing cooperatives rescued financially |
| 4. An improvement of cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.) | 10. Total amount of loans and grants to cooperatives |
| 5. Number of cooperatives accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve sustainability | 11. Number of cooperative members provided with loans |
| 6. Number of investigations conducted for compliance purposes | 12. Total amount spent on cooperative capacity building. |

5.2.7 Area 7: Promoting Research and Innovation in the Cooperative Sector

Research plays an important role in informing government policy and strategy on cooperatives promotion. However, additional measures are necessary to ensure that policy-relevant research is undertaken on an ongoing basis. Statistical data on cooperative enterprises, including entry, exit, survival and failure rate is critical in informing policies and support programs.

Also, effective monitoring of the implementation and performance of this strategy is of critical importance. This monitoring should be carried out in order to enable improvements in performance and the introduction of requisite changes. The importance of developing and implementing an overarching monitoring framework, which will enable the government to gather feedback on the performance of public, private and donor-enterprise support cannot be overemphasized. At present, there is very limited information and statistics on the cooperative sector; hence the need for proper, up-to-date, comprehensive and regularly updated statistical information on cooperatives and their operations in Curaçao.



5.2.7.1 Course of action

The Government will:

- a) Work with all relevant stakeholders to identify additional areas of research and to mobilize resources to undertake such research. The results of this research will be widely publicized using existing institutions and other channels to inform prospective and existing cooperatives and other relevant stakeholders on issues of cooperative development.
- b) Facilitate the collection of information, which will be packaged and disseminated to all stakeholders.
- c) Encourage local schools and universities to develop capacity for cooperative training standards and research.
- d) Support cooperative research through funding and forging of strategic alliances with other stakeholders.
- e) Establish a cooperative Information and Research Centre.

The implementation of Area 7 – Promoting Research and Innovation in the Cooperative Sector, will be monitored and evaluated through the following KPIs:

1. Number of research papers published
2. Cooperative information system database created
3. Quantity of cooperative training at every level of the educational system
4. Number of awareness workshops held
5. Number of individuals who participated in awareness workshops
6. Number of cooperatives formed after the awareness workshops
7. Number of training materials developed
8. Number of cooperatives and cooperative movement members trained
9. Number of government officials trained
10. Cooperative education incorporated into the school curriculum
11. Share of cooperatives adopting advanced general and innovation management practices
12. Share of cooperatives employing (highly) qualified personnel, by level or field of education
13. Share of cooperatives using advanced, enabling or emerging technologies
14. Share of cooperatives developing advanced, enabling or emerging technologies
15. Share of cooperatives providing digital platform services
16. Share of cooperatives using digital platforms to sell or to buy goods or services.

5.2.8 Area 8: Enhancing the Use of Appropriate Technology in Cooperatives

The government aims at assisting cooperatives with access to appropriate technologies through partnerships and funding for technology in order to ensure that they offer high-quality products and services.

5.2.8.1 Course of action

Therefore, the government will provide appropriate guidelines for appropriate technologies in cooperatives including ICT. To this end, the government will make use of existing knowledge and experience of government-related bodies.

The implementation of Area 8 – Enhancing the Use of Appropriate Technology in Cooperatives, will be monitored and evaluated through the following KPIs:

1. Share of cooperatives using advanced, enabling or emerging technologies
2. Share of cooperatives developing advanced, enabling or emerging technologies
3. Share of cooperatives providing digital platform services
4. Share of cooperatives using digital platforms to sell or to buy goods or services
5. Improvements in the capacity, management and technical skills of cooperatives to enhance their sustainability
6. Number of cooperatives supported with new business models
7. Number of cooperatives supported with technical and customized training
8. Share of cooperatives adopting advanced general and innovation management practices
9. Share of cooperatives employing (highly) qualified personnel, by level or field of education.

5.2.9 Area 9: Adopting Good Cooperative Governance Practices

The adoption of good governance practices is a challenge to the cooperative sector that requires deliberate efforts by the boards and management committees to put in place governance structures and enforcement mechanisms.

5.2.9.1 Course of action

To this end, the government will provide resources to strengthen cooperatives. Cooperatives will also be encouraged to improve their management and governance practices to enable them to engage with strategic partners.

Arbitration and the settlement of disputes are regarded as internal matters of the cooperative movement and, if possible, cooperatives will be encouraged through the representative organization to settle their matters internally. This organization is encouraged to set up dispute-resolution procedures to offer an alternative dispute resolution channel to members where disputes have not been resolved internally.

The implementation of Area 9 – Adopting Good Cooperative Governance Practices, will be monitored and evaluated through the following KPIs:

1. Cooperative governance structure implemented
2. Extension of the horizontal (i.e. economic value chain) and vertical (i.e. cooperative networks) structures of cooperatives
3. Share of cooperatives adopting advanced general and innovation management practices
4. Awareness workshops implemented
5. Number of cooperative leadership programs implemented
6. Number of cooperative youth-leadership trainings implemented
7. Number of cooperatives supported with new business models
8. Number of cooperatives supported with technical and customized training
9. Share of cooperatives adopting advanced general and innovation management practices
10. Share of cooperatives employing (highly) qualified personnel, by level or field of education.

5.2.10 Area 10: Attracting the Youth into the Cooperative Movement

Certain measures or actions in the Cooperative Development Policy are specifically aimed at young people (defined here as between the ages of 15-24 years). These measures have been grouped together to better illustrate what assistance and support the policy will provide to this group, which is receptive to the cooperative model and represents the future of today's movement.

Though it is up to the cooperative movement to promote the cooperative model, the government can help it reach a wide audience by giving it the necessary support.

5.2.10.1 Course of action

The government will take deliberate efforts to attract the youth into the cooperative movement, by:

- A) Supporting broader efforts aimed at promoting the cooperative formula (mass ad campaigns, presentation of cooperative success stories, etc.) and expanding cooperatives' customer base, particularly among youth.
- B) Sensitizing the youth on the need to form cooperative enterprises and encouraging them to participate in the leadership of existing cooperative enterprises.
- C) Promoting youth employment through cooperative effort.
- D) Financing and supporting projects developed by young people, by providing funding, through the Cooperative Development Fund, on top of young peoples' startup capital, to help them undertake cooperative projects. With this financial support, the youth will be encouraged to create exciting new businesses.
- E) Using new information technologies to reach young people is one avenue worth exploring.

The implementation of Area 10 – Attracting the Youth (defined here as between the ages of 15-24 years) into the Cooperative Movement, will be monitored and evaluated through the following KPIs:

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Number of cooperative youth programs implemented 2. Number of cooperative youth-leadership trainings implemented 3. Number of cooperative youth programs in neighborhoods 4. Number of youth organizations that adopt the cooperative form as a legal entity 5. Number of youth-jobs created within cooperatives 6. Number of cooperatives and youth using cooperative services and products 7. Number of (youthful) individuals trained on pre-formation support 8. Total amount spent on cooperative (youth) capacity-building | <ol style="list-style-type: none"> 9. Number of cooperative youth members provided with loans 10. Jobs for the youth created through the Cooperative Development Fund, and self-help opportunities created 11. Number of awareness workshops held 12. Number of youths who participated in awareness workshops 13. Number of cooperatives formed by the youth after the awareness workshops 14. Number of cooperatives and cooperative-movement youth members trained 15. Cooperative education incorporated into the school curriculum. |
|--|---|

5.2.11 Area 11: Creating Demand for Cooperative Products and Services

To overcome the challenge of limited access to markets by cooperatives, the government will focus on the following support programs.

5.2.11.1 Course of action

- A)** Promoting the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life.
- B)** Encouraging ministries and government-related organizations to also procure from cooperative enterprises.
- C)** Agreements signed by the government provide potential opportunities for businesses to penetrate foreign markets through exports. These opportunities will be analyzed and aligned to benefit cooperatives as well.
- D)** Providing all necessary assistance to cooperatives in respect of activities aimed at developing export markets.



The implementation of Area 11 – Creating Demand for Cooperative Products and Services, will be monitored and evaluated through the following KPIs:

1. Growth in cooperative value, number and contribution to GDP growth rate of Curaçao (i.e. growth of existing and new entrants in all relevant sectors of the economy and reduction of the mortality rate of cooperatives)
2. Number of jobs created within cooperatives
3. Number of cooperatives and people using cooperative services and products
4. Improvement in cooperatives' compliance with all applicable legislative framework (e.g. cooperative principles and values, member education and participation, requirements of the Central Bank, etc.)
5. Number of cooperatives accessing markets, information, business infrastructure, as well as financial and non-financial assistance, to achieve sustainability
6. Number of cooperatives trading with foreign countries, also in terms of volume and value
7. Number of cooperatives benefited from procurement by government-related organizations
8. Total amount of procurement spent on cooperatives by government-related organizations
9. Cooperative information system database created.

5.3 Support to the Cooperative Development Policy

Cooperatives are not government organizations, but the government will intervene through designing supply and demand-side support instruments to grow this sector and by utilizing the existing institutions and programs available. These include efforts in ensuring that cooperatives have access to markets, government and private-sector contracts.

Policy instruments that will be used to support cooperative enterprises include:

Legislation

The government will introduce into Parliament, in close cooperation with the cooperative movement and other relevant stakeholders, a Cooperatives National Ordinance to establish an enabling legal framework for the promotion of cooperatives in Curaçao.

Cooperative Development Fund

A Cooperative Development Fund for technical assistance and capacity building aimed at providing financial support products to all forms of cooperatives will be established, managed and administered.

The fund will be the government's financial instrument created to support emerging small and medium cooperatives seeking either start-up or expansion capital. It will also provide financial rescue to small and medium cooperatives in distress (although this is subject to an assessment of the impact and viability of such cooperatives). It will target primary and secondary cooperative enterprises operating in all sectors of the economy.

The objective of the fund will be to assist small and medium cooperatives (that find it difficult to secure funding from mainstream financial institutions) in acquiring support that will improve their growth, sustainability and competitiveness, with a view to integrating them into the mainstream economy. Start-up and expansion support are provided as a mixed facility involving grants and loans, while the financial rescue component will be on a loan basis only.

In order to concentrate the knowledge and skills needed to nurture the development of cooperatives at all the levels, eliminate confusion and frustration in the market on the (financial) support available for cooperatives and move beyond small pockets of uncoordinated support with little impact, support for cooperatives will be scaled up and streamlined under a one-stop shop approach.

Incentives

Designing tax and other special incentives and support measures for cooperative enterprises.



Alignment of all Economic Development Programs

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy needs to be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

- A.** Alignment of all Economic Development Programs to support cooperatives, especially financial and non-financial support. Support will be provided to cooperatives through the establishment of the CEDTF (See section 1.7.2).
- B.** Providing access to infrastructure through incubation programs.
- C.** Institutional support to cooperative support structures. A strong, coherent and effective voice of emerging cooperatives is an important part of ensuring that this cooperative development policy meets its objectives. There is a need to support the cooperative representative organization as a support structure to the cooperative movement. It is critical that cooperatives are effectively represented on and participate in the various economic and advisory bodies and councils that form part of Curaçao's institutions of social dialogue.
- D.** Furthermore, cooperatives will be assisted to access expanded public works programs, other government-related programs and opportunities, and clear support programs in key sector charters to benefit cooperative enterprises.

Small and medium enterprise strategy

All government support programs for small and medium enterprises shall also be extended to cooperative enterprises, considering the specific characteristics of and differences between such enterprises.

Other government policies

Macro-economic policies as well as initiatives will have an impact on cooperatives, in some instances creating opportunities and in others posing challenges for cooperatives. By combining the efforts of all, the Cooperative Development Policy aims to create a ripple effect and make cooperative development a long-term concern.

Skills Development Strategy

The government will facilitate and support the access of the cooperative sector to all existing and new learnership programs.

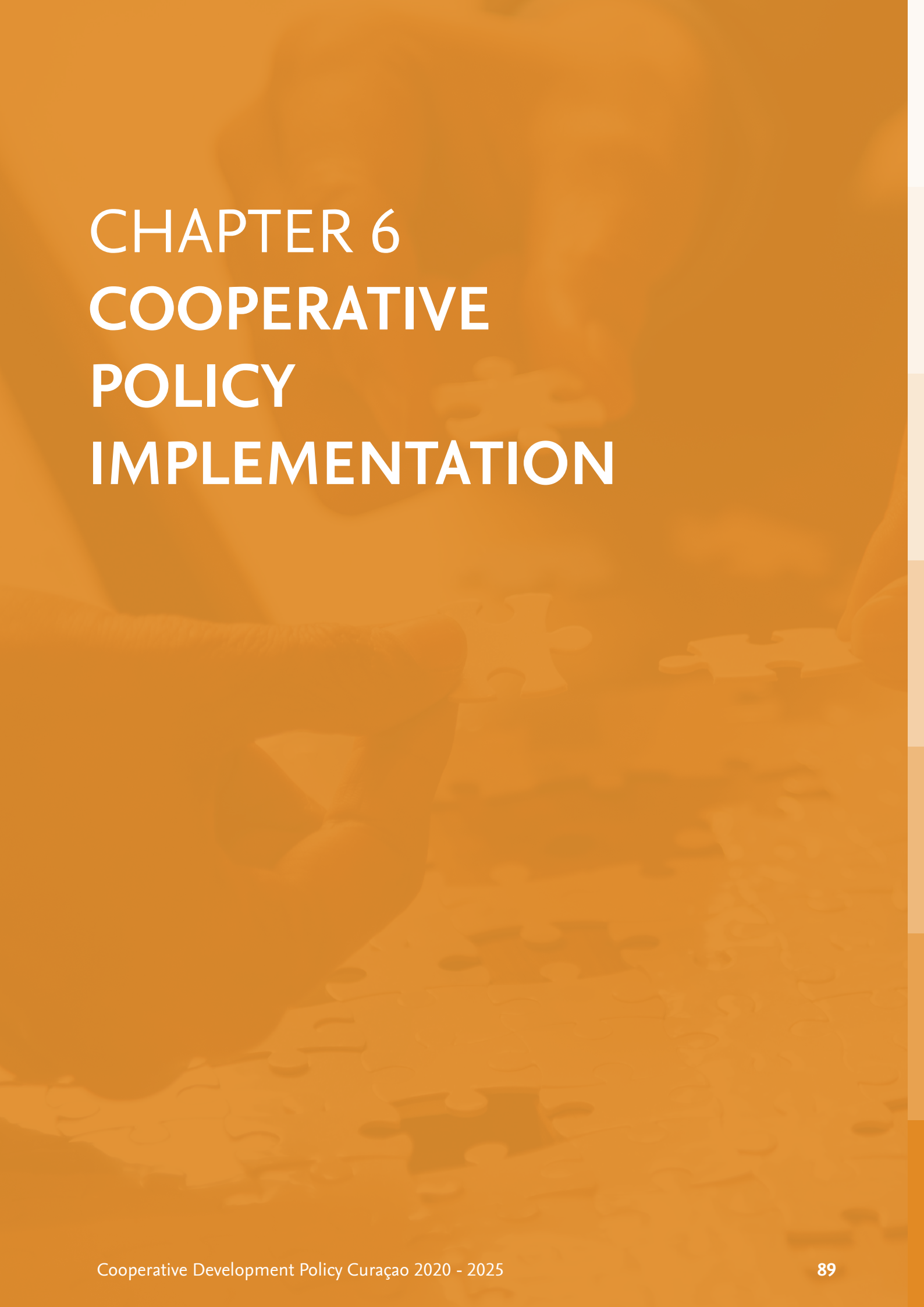
Responsiveness to new developments

The government is aware of international trends in cooperative development and will keep abreast of the trends to the extent possible whilst having regard to any local circumstances that must be considered from time to time. To this end, the government will, in consultation with all stakeholders, continually review its policy on cooperative development.

Equally, the government encourages the cooperative movement to develop strategies that will enable its members to exploit and benefit from opportunities that may exist regionally and internationally.

Specific support measures

The government will provide and design relevant and specific support measures, such as incentives and capacity building for the cooperative sector.



CHAPTER 6 COOPERATIVE POLICY IMPLEMENTATION

The Government recognizes the need for the formulation and implementation of a comprehensive, longer-termed action plan for the development of cooperatives, in full cooperation with all stakeholders in cooperative development in Curaçao.

The action plan (Annexes 1A + 1B) states clearly the steps that need to be taken for a successful implementation of the cooperative development policy. The Ministry of Economic Development leads the way for the implementation of the policy in close collaboration with stakeholders.

Specifically, implementing bodies like the Cooperative Enterprise Development Task Force (CEDTF) and the working group Triple Helix will be established, as described in section 1.7.1, as part of the organizational structure. These entities will be responsible for the needed organizational support in (project-)management, coordination and execution of activities and actions. This project management structure should be put in place to support efficient coordination in the preparation of plans and actions.

6.1 Short-Term Actions

Related to the implementation of short-term actions described in this paragraph, another section, 5.1.2, explains these four short-term priorities. These actions, which are the outcome of the Democratic Dialogue (DD), should be implemented immediately, within a lapse of two years. For the complete details on the findings and results of the DD, please find the report in Annex 3. Here follows an overview of the short-term actions for each specific priority.

Course of action priority A Introduction of a legal framework for cooperatives

SUB - A: The participants firmly believe that a legal framework or a new law should be drafted and enacted regarding cooperatives in Curaçao.

TO DO - A: For the MED, this would imply that in addition to drafting a policy, there should also be a parallel trajectory to develop, complete and enact such a legal framework or law.

Course of action priority B Introduction of a structure for cooperative education, at all levels of education in Curaçao

SUB – B: The participants assign a high priority to education on the philosophy of cooperativism.

TO DO - B1: This issue pertains first of all to the Ministry of Education, Sports, Culture and Science. However, the Ministry of Economic Development does have a secondary, supportive role in the execution. Both ministries could consider inter-ministry cooperation by signing an MOU and working together in a taskforce in order to achieve the execution of this priority.

TO DO - B2: To create awareness, as the other component of this priority, both ministries could consider an information campaign (together with respective cooperatives) on how cooperatives serve as an alternative way of doing business.

Course of action priority C
Anchoring an integrated cooperative education and training institute & facilitating access to investment funds for cooperative development

SUB - C: The participants believe there is a need to establish an educational facility or a center that can facilitate knowledge, information and education regarding cooperatives and cooperative philosophy. This could also serve to facilitate access to funding etc.

TO DO - C: MED could consider establishing such a center within their ministry as they have done before, but further study is needed. MED should take necessary steps to design a plan of action for this specific point, in order to determine the specific course of action.

Course of action priority D
The government determines the role of cooperativism within its policy

SUB – D: The participants firmly believe that the government should address the issue of cooperatives on a national level for the country of Curaçao, in conjunction with other important development pillars of the country.

TO DO - D: First, a public proclamation of the Cooperative Development Policy (CDP) for Curaçao presented in this report should be issued at the highest level of the political directorate (Council of Ministers) and even Parliament should consider addressing or incorporating the CDP in (future) government plans, etc.



6.2 Medium and Long-Term Actions

Medium-term actions are defined here as actions to be taken within the coming three to five years. Long-term actions are defined as actions to be taken within the coming five to ten years. Related to the previous four short-term priorities, eleven strategic actions based on international experiences are introduced in paragraph 5.2.

These eleven strategic actions elaborate on the four priorities established in the Democratic Dialogue and are considered indispensable for the sustainable development of cooperatives. The courses of action for these strategic actions are supportive of and imperative to the implementation of these priorities.

The strategic actions are:

1. Introducing an effective and innovative legal framework
2. Enhancing cooperative education, training, and information
3. Developing or improving capitalization and financing tools suitable for the cooperative environment
4. Improving non-financial business support services available to cooperatives
5. Acknowledging the role of cooperatives by integrating and harmonizing government action in the area of cooperative development
6. Enhancing regulation for financial cooperatives
7. Promoting Research and Innovation in the cooperative sector
8. Enhancing use of appropriate technology in cooperatives
9. Adopting good cooperative governance practices
10. Attracting the youth into the cooperative movement
11. Creating demand for cooperative products and services.

6.3 Follow-Up Steps

Steps internal in scope:

- Government approval of the Cooperative Development policy, respectively to be done by the Minister of Economic Development, the Council of Ministers, and even by members of Parliament if considered necessary by the government;
- The Cooperative Enterprise Development Task Force (CEDTF) starts with the execution activities as described in the action plan (see Chapter 6 and Annexes 1A + 1B);

Steps with a scope outside the government's operations:

- MED activates and proceeds with the installation of the working group Triple Helix (see paragraph 1.7.1). This is not a new organization, but a functional consultation structure to effectuate the tripartite cooperation, consisting of the public, private sectors and knowledge institutions.
- Therefore, MED will start with the implementation in the following sequence:
 1. First, taking into account the importance of imperatives, preconditions and strategic goals as described in paragraph 1.6.
 2. Second, initiating the execution of short-term actions for the four priorities as described in section 5.1.2 and paragraph 6.1.
 3. Third, taking the medium and long-term courses of action as described in paragraph 6.2 towards the execution of the eleven strategic actions.
- The implementing bodies, such as the Cooperative Enterprise Development Task Force (CEDTF) and the Triple Helix working group, will carry out activities in consultation with stakeholders. For example:
 - Preparing and drafting budget proposals for policy implementation
 - Designing and approving small implementation plans per project, with a specific timeframe and budget account included
 - Defining and drafting terms of reference for projects and plans.

CHAPTER 7

MONITORING AND EVALUATION

The progress made regarding the implementation of the new Cooperative Development Policy will be regularly reviewed and evaluated.

To this end, the CEDTF will be responsible for monitoring and evaluating the impact of the Cooperative Development Policy. The implementation will be monitored and evaluated through the use of key performance indicators. These KPIs are defined and described for each of the four policies' priorities and strategic actions described in Chapter 5.

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

8.1 Conclusions

The Cooperative Development Policy is a first in the history of the Curaçao cooperative movement. In addition to new approaches and the financial resources required for their implementation, it also introduces support measures adapted specifically to the cooperative environment.

By acknowledging the central role cooperatives can play in the economy and tackling the specific problems they face, the Cooperative Development Policy takes resolute aim at ensuring the harmonious development of cooperatives in Curaçao.

In the growth strategy unveiled in 2018, the focus of the government is on sustainable growth. The government identified three pillars that will help Curaçao grow in a sustainable manner:

- I. Stimulating sustainable economic growth
- II. Strengthening financial management
- III. Strengthening government institutions.

In order to stimulate sustainable economic growth, the government's strategy is aimed at creating employment through the stimulation of specific sectors that can contribute to this.

To play a vital role in the above-mentioned national strategy objective, cooperatives must transit from their traditional role to the next level of value addition and effectively improve the wellbeing of their members in a sustainable way. Based on the foregoing, the theme of this policy is "Promoting Sustainable Cooperative Enterprises for Social-Economic Development."

The cooperative model can impact lives, revitalize communities and transform local economies. Some of the advantages and challenges faced by this form of community enterprise are:

- I. Economies of scale
- II. Contributing to poverty reduction
- III. Sustainable decent employment creation
- IV. Gender equality
- V. Youth empowerment
- VI. Business development



The Government recognizes that the main purpose of cooperatives is to render services to members. Nevertheless, cooperatives have the potential to contribute to Curaçao's development by improving the social-economic situation of their members. Whereas the development potential of cooperatives is in principle not different from that of other types of enterprise, the double nature of cooperatives (members are at the same time owners and users of their cooperatives) makes them a better fit for specific population groups, sectors or situations. Hence, cooperatives possess an inherent special potential for Curaçao's social-economic development.

Today, Curaçao's cooperative movement comprises financial services as well as non-financial sector cooperatives. The total membership of credit unions together in 2018 was 35,001, which means that more than 20% of the total local population are members of one or more cooperative. The penetration rate is nearly 35%, which includes the economically active population of 15-64 years old. These figures establish the importance of cooperatives and their impact upon the community of Curaçao.

Youth (defined here as between the ages of 15 and 24 years) represent a significant share within the total population. They are educated and ICT savvy, with one of the highest adoption rates of ICT integration in the Caribbean. The youth unemployment rate, however, stood at 29.3% in 2018, according to the Central Bureau of Statistics Curaçao. A key contributor to unemployment is the lack of practical entrepreneurial skills. There is an opportunity to harness this large amount of unutilized energy through directed entrepreneurship skills apprenticeship programs backed by funding through cooperatives.

Cooperatives are not government organizations, but the government will intervene through designing supply and demand-side support instruments to grow this sector and utilizing the existing institutions and programs available. These include efforts in ensuring that cooperatives have access to markets, government and private-sector contracts.

The promotion of cooperatives is not to be viewed in isolation from wider national development policies and programs. The government is conscious of the link between cooperative development policy and other national development plans into which cooperative development policy needs to be integrated. The promotion of cooperatives is considered one of the aspects of national economic and social development.

The prosperity and wellbeing of Curaçao depends, amongst other things, on expanding the entrepreneurial base, and—in view of its potential to promote the direct involvement of many citizens in the economy—the cooperative model would appear to be a promising solution. In the current situation, maintaining responsible local businesses that play an active role in important economic and social sectors is becoming crucial. With this Cooperative Development Policy, the Government of Curaçao has demonstrated its firm resolve to support cooperatives so that these businesses may position themselves solidly with respect to the major challenges they face, especially so that they can contribute even more to the creation of jobs and wealth. This policy aims to expand the place of cooperatives in Curaçao's economy.

8.2 Recommendations

A clear, comprehensive, and widely agreed upon cooperative development policy is successful when the following strategic goals are successfully implemented:

- A.** Promoting the development of economically sustainable cooperatives that will significantly contribute to the economic growth of the country
- B.** Creating a stimulating environment for cooperative enterprises that improves the efficiency and profitability of cooperatives and ensures that cooperatives can compete on the market and contribute to the sustainable social-economic development of the island
- C.** Defining the cooperative movement structure and strengthening the management of cooperative enterprises to encourage integration into the sector for enhanced service delivery
- D.** Increasing the competitiveness of the cooperative sector so that it can take better advantage of opportunities that arise on national, regional and international markets
- E.** Facilitating the provision of support programs aimed at cooperatives, in particular those that create jobs or benefit disadvantaged groups
- F.** Encouraging cooperatives to seize opportunities for partnerships and joint ventures with other local and international agencies to acquire resources and skills necessary to improve their strategic competitiveness and achieve skills transfer
- G.** Encouraging individuals and groups who adhere to values of self-reliance and self-help, and who choose to work together in democratically controlled companies, to register cooperatives under this policy
- H.** Stimulating participation by women with disabilities and youth to form part of the management of cooperatives
- I.** Pointing out specific support measures and programs to support the development of a cooperative movement by all stakeholders
- J.** Promoting the development and integration of ICT in the implementation and marketing of cooperative companies, aimed at improved market access and marketing efficiency at cooperatives
- K.** Promoting savings and investments in viable cooperatives, adding value, processing and production, and increasing the capacity of cooperatives to conduct research
- L.** Laying the foundation for the new Cooperatives Act
- M.** Enhancing communication between government and the cooperative movement
- N.** Serving as a reference for cooperative members by explaining why and how the government supports cooperatives and by determining the relationship between the government, cooperatives, civil society and the private sector.

The following proposed actions should be executed to achieve the strategic goals (see paragraph 4.2) for the cooperative development policy:

1. Initiatives for structured exchange of information and experiences, and that support the adoption of good practices. To strengthen the cooperative form of enterprise, these actions must be supported by the ministries, government organizations, existing cooperatives, schools and society at large;
2. In the context of the foregoing, cooperation with other relevant civil-society organizations is encouraged;
3. Developing the analysis and application of statistical data on cooperatives by the Central Bureau of Statistics and the local knowledge institutes/universities. The collected data will be used as input in formulating policy to promote cooperative enterprises;
4. Ensuring that information on the nature and functioning of cooperative companies is included in the education programs for the Primary Education, Secondary Education and HBO/WO (Management) training and studies;
5. Ensuring business-support services (business incubator, shared services, small business development center) for emerging and pre-existing cooperatives;
6. Ensure that instruments and programs to promote business, entrepreneurship and innovation, mainly for small and medium-sized enterprises are also available to cooperatives;
7. Setting up an accessible general incentive fund for cooperatives with more relaxed conditions and application procedures; (e.g. via tax incentives) encouraging financial cooperatives to make funds available for the development of new cooperatives in the production sector;
8. Encouraging the financial cooperatives to raise funds through (tax) incentives available for the development of new cooperatives in other sectors of the economy;
9. Ensuring (tax) incentives for cooperative companies, including the possibility for income-tax exemption for savings and credit cooperatives;
10. Actively contributing to the promotion of the cooperative ecosystem approach through policy programs;
11. Maintaining frequent contacts with the umbrella organizations of cooperatives on policy issues or other issues related to the promotion of cooperative ventures in Curaçao;
12. Making contacts and collaborating with local and international organizations that can support the government and/or MED in carrying out their objectives with regard to the promotion of cooperative companies.

The four priorities and the eleven strategic actions defined in Chapter 5 should be executed without delay, in accordance with the recommended action plan (see Chapter 6 and Annexes 1A + 1B). The immediate steps are defined in paragraph 6.3 of this report.

ANNEXES

ANNEX 1A: ACTION PLAN—LOCAL PRIORITIES (see paragraph 5.1)

The Cooperative Development Policy envisions that various actions will be undertaken by relevant role players, giving effect to its implementation. These action plans are not exhaustive but are intended to provide guidance on critical actions to be carried out by the relevant role players. These actions may be reviewed and evolve over time, to reflect the dynamic changes within the cooperative sector.

Short-term = Immediate to two years

Medium-term = Three to five years

Long-term = Five to 10 years

PRIORITY	KEY PLAYERS	TERM			BUDGET
		S	M	L	
A. Introducing the legal framework		X			p.m.
Starting follow-up steps (See paragraph 6.3)	MED/CEDTF/stakeholders				
A1: Draft the new law	MED/CEDTF/Ministry of Justice				

B. Education on cooperativism		X			p.m.
Starting follow-up steps (See paragraph 6.3)	MED/CEDTF/stakeholders				
B1: Signing of MOU	Ministry of ESCS and MED				
B2: Information campaign	Ministry of ESCS and MED				

C. An anchored and institutionalized facility for integrated cooperative education & training		X			p.m.
Starting follow-up steps (See paragraph 6.3)	MED/CEDTF/stakeholders				
C1: Further study	MED/CEDTF				
C2: Design a plan of action	MED/CEDTF				

D. Determine the role cooperativism should play		X			p.m.
Starting follow-up steps (See paragraph 6.3)	MED/ CEDTF/ stakeholders				
D1: Approval of Cooperative Development Policy	Minister MED				
D2: Approval of Cooperative Development Policy	Council of Ministers				
D3: Discussion/approval of Cooperative Development	Parliament				

ANNEX 1B: ACTION PLAN STRATEGIC ORIENTATIONS (see paragraph 5.2)

The Cooperative Development Policy envisions that various actions will be undertaken by relevant role-players, giving effect to its implementation. These action plans are not exhaustive but are intended to provide guidance on critical actions to be carried out by the relevant role players. These actions may be reviewed and evolve over time, to reflect the dynamic changes within the cooperative sector.

Short-term = Immediate to two years

Medium-term = Three to five years

Long-term = Five to ten years





Area	Key Players	Term			Budget
		S	M	L	
1. Introducing an effective and innovative legal framework		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.1.1)	MED/CEDTF/stakeholders/ Ministry of Justice				
2. Enhancing cooperative education, training and information		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.2.1)	Ministry ESCS and MED/ stakeholders				
3. Developing or improving capitalization and financing tools suitable for the cooperative environment		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.3.1)	MED/CEDTF/stakeholders				
4. Improving non-financial business support services available to cooperatives		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.4.1)	MED/CEDTF/stakeholders				
5. Acknowledging the role of cooperatives by integrating and harmonizing government action in the area of cooperative development		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.5.1)	MED/CEDTF/stakeholders				

Area	Key Players	Term			Budget
6. Enhancing regulation for financial cooperatives		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.6.1)	MED/CEDTF/stakeholders/ The Triple Helix working group				
7. Promoting research and innovation in the cooperative sector					p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.7.1)	MED/CEDTF/The Triple Helix working group				
8. Enhancing the use of appropriate technology in cooperatives		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.8.1)	MED/CEDTF/stakeholders/ The Triple Helix working group				
9. Adopting good cooperative governance practices		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.9.1)	MED/CEDTF/stakeholders				
10. Attracting the youth into cooperative movement		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.10.1)	MED/CEDTF/stakeholders				
11. Creating demand for cooperative products and services		X	X	X	p.m.
Taking follow-up steps (See paragraph 6.3)	MED/CEDTF				
Course of action (See section 5.2.11.1)	MED/CEDTF/stakeholders				

ANNEX 2:

COOPERATIVES AND SUSTAINABLE DEVELOPMENT GOALS

The Curaçao National Development Plan 2015-2030 is based on a long-term vision of change for Curaçao in five interlocked themes: Education; Economy; Sustainability; National Identity and Good Governance—all working together to build a thriving nation.

SDG GOALS	PRIORITY THEME IN NDP	TARGETS
<p>Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> 	Education	<p>4.2 by 2030 ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p> <p>4.3 by 2030 ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university</p> <p>4.4 by 2030, increase by x% the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.c by 2030 increase by x% the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially LDCs and SIDS</p>
<p>Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> 	Economy	<p>8.3 promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services</p> <p>8.6 by 2020 substantially reduce the proportion of youth not in employment, education or training</p> <p>8.8 protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment</p> <p>8.9 by 2030 devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products</p> <p>8.10 strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all</p>
<p>Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all</p> 	Environment	<p>7.1 by 2030 ensure universal access to affordable, reliable, and modern energy services</p> <p>7.2 increase substantially the share of renewable energy in the global energy mix by 2030</p> <p>7.a by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies</p> <p>7.b by 2030 expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, particularly LDCs and SIDS</p>
<p>Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p> 	Environment	<p>14.1 by 2025, prevent and significantly reduce marine pollution of all kinds, particularly from land-based activities, including marine debris and nutrient pollution</p> <p>14.2 by 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration, to achieve healthy and productive oceans</p> <p>14.3 minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels</p> <p>14.5 by 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on best available scientific information</p> <p>14.7 by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism</p> <p>14.a increase scientific knowledge, develop research capacities and transfer marine technology taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular SIDS and LDCs</p>

